OCTOBER
2025

Leicester & Leicestershire: Strategic Distribution Floorspace Needs Update and Apportionment

Final Report

ICENI PROJECTS LIMITED ON BEHALF OF LEICESTER & LEICESTERSHIRE PLANNING AUTHORITIES

Iceni Projects Limited on behalf of Leicester & Leicestershire Planning Authorities

October 2025

FINAL REPORT

CONTENTS

APPENDICES

0. EXECUTIVE SUMMARY

0.1 Iceni Projects has been commissioned by the Leicester and Leicestershire (L&L) local authorities, contracting to North West Leicestershire District Council, to update the need for strategic distribution floorspace (defined as units of 9,000 sq.m+) looking ahead to 2046; and consider how this need may be apportioned.

0.2 The L&L authorities have historically worked together to plan for strategic B8 development. The most recent evidence at a L&L level is set out within the 2021 Warehousing and Logistics in Leicester and Leicestershire: Managing Growth and Change' report ('the 2021 Study'). The 2021 Study provided an assessment and recommendation on the future quantum of warehouse floorspace and area of land required to accommodate it that should be planned for between 2020 and 2041 across Leicester & Leicestershire (L&L), as well as a number of wider matters.

0.3 This report provides an update to the strategic B8 need set out in the 2021 report and then moves on to consider apportionment of need. Many other components of the 2021 report remain relevant.

Property Market Review Spring 2025: Strategic Distribution

0.4 Strategic Distribution vacancy rates in Leicestershire fell notably between 2016 and 2022, reaching a low of 2.2%, but have since risen to a historical high of 8.2% (spring 2025). A similar trend has been seen across the East Midlands and the UK which have a vacancy rate of 9.0% and 6.4% respectively. During the COVID-19 pandemic there was a spike in demand for distribution premises, increasing completions and occupation, exacerbated by trade disruptions. From 2024 the market has eased, with a weaker macro economic backdrop, together with higher interest rates. However the long term outlook for strategic premises is considered strong, driven by demand for high quality space; and population and economic growth. This is underlined by net absorption (space occupied) increasingly annually since 2014, with a significant rise from 2019 onwards, reflective of market drivers.

Updated Strategic B8 Requirements

0.5 This report considers needs for strategic B8 development across Leicester and Leicestershire over the period to 2046 to inform plan-making. This is in line with paragraph 31 of the PPG (Housing and Economic Needs Assessment) which requires local authorities to work together to assess the future need for logistics across the relevant market geography. Within this study a range of forecasting approaches are considered and then triangulated. The needs forecasted by all of the models considered in this report are set out below:

0.6 **Traffic growth and replacement space** models produce the lowest need and are outstripped by market facing models. In part this may be due to an exclusion of ancillary space in the model, reducing outputs by 10-20%. Overall Iceni considers that other market based models are more likely to represent future needs, taking into account dynamic changes in business operations and premises needs and the strengthening of demand in this nationally important location.

0.7 **The gross completions model** has historically aligned more closely with the traffic growth and replacement demand model, however now completions are increasing above this model, reflecting activity over time.

0.8 **Net absorption** models have been considered herein with varying rates of sensitivity to consider historic suppressed demand. Suppressed demand considers how absorption (space occupied) may have performed differently with greater levels of historic space availability. When considered at 5% this falls below completion rates (or in line with completions after accounting for some on site recycling). Suppressed demand adjustment at 8% is the highest level of need is generated, although this may be higher than natural market optimum for the strategic market considering costs of entry and costs of vacancy.

0.9 Incorporated within the completions and traffic growth and replacement models is a **land recycling component.** Taking a practical approach to best use of land, reflecting the NPPF (chapter 11) the recycling of optimally placed sites is expected to become an opportunity over the next twenty years, particularly with demand focused on highest quality buildings and government EPC rating requirement increases.

0.10 Overall it is recommended that the **gross completions model including recycling** is used for strategic planning. This because:

- The lower range of the replacement demand models do not align well to market signals, whilst there is uncertainty regarding the market equilibrium inputs from the highest suppressed demand models
- The preferred model broadly aligns with the suppressed demand at 5% model and is a model outcome that is broadly in the centre of all ranges provides a balanced position.
- The preferred model also allows for acknowledgement that COVID-19 period deliveries have been much heightened, but that the market has cooled subsequently.
- It includes a land recycling component, taking a practical approach to best use of land, reflecting the NPPF (chapter 11).

0.11 Overall this preferred model indicates that there is a gross need for 3,969,400 sq.m of additional floorspace for strategic B8 development over the 23 year forecast period. For reference the 2021 study forecasted a (lower) need of 2,571,000 sq.m for a 21 year period (2020-41). The higher need now shown, reflects the structural shift in the logistics market (as discussed in section 3) that has occurred since the 2021 study was completed.

0.12 The table below splits the additional floorspace requirement between rail-served and road-served sites, assuming a 34% split. The residual need is then derived by netting off 2023/24 completions and outstanding commitments as of April 2024.

Table 0.1 Supply-Demand Balance (2023-46) (sq.m)

	Rail-Served (34%)	Road-Served (66%)	Total
Gross Need			5,256,000
Land Recycling			-1,286,600

Additional Floorspace Required	1,349,600	2,619,800	3,969,400
Completions 2023/24	0	112,500	
Commitments April 2024	0	797,700	
Balance	1,349,600	1,709,600	3,059,200

Source: Iceni analysis of local authority monitoring

0.13 The total need after accounting for brownfield land recycling has been phased equally over the forecast period. The per annum need for net additional floorspace is 172,600 sq.m.

0.14 In reality, 2023/24 completions and existing commitments total 910,200 sq.m and will meet the need up to 2028. New identified locations will need to come forward to meet the need from 2028 onwards.

Table 0.2 Phasing of Need

	2023-28	2028-33	2033-38	2038-43	2043-46
Floorspace (sq.m)	862,900	862,900	862,900	862,900	517,800

Source: Iceni analysis

Approach to Apportionment

0.15 The PPG (Para 31) advises that once the need for strategic facilities is assessed, policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones).

0.16 In response, this apportionment methodology has been designed specifically to:

- Reflect the level of detail available at the time of the report and the scale and scope of the brief;

- Enable a hierarchy of outcomes, so that the most suitable locations can be identified for the purpose required; and

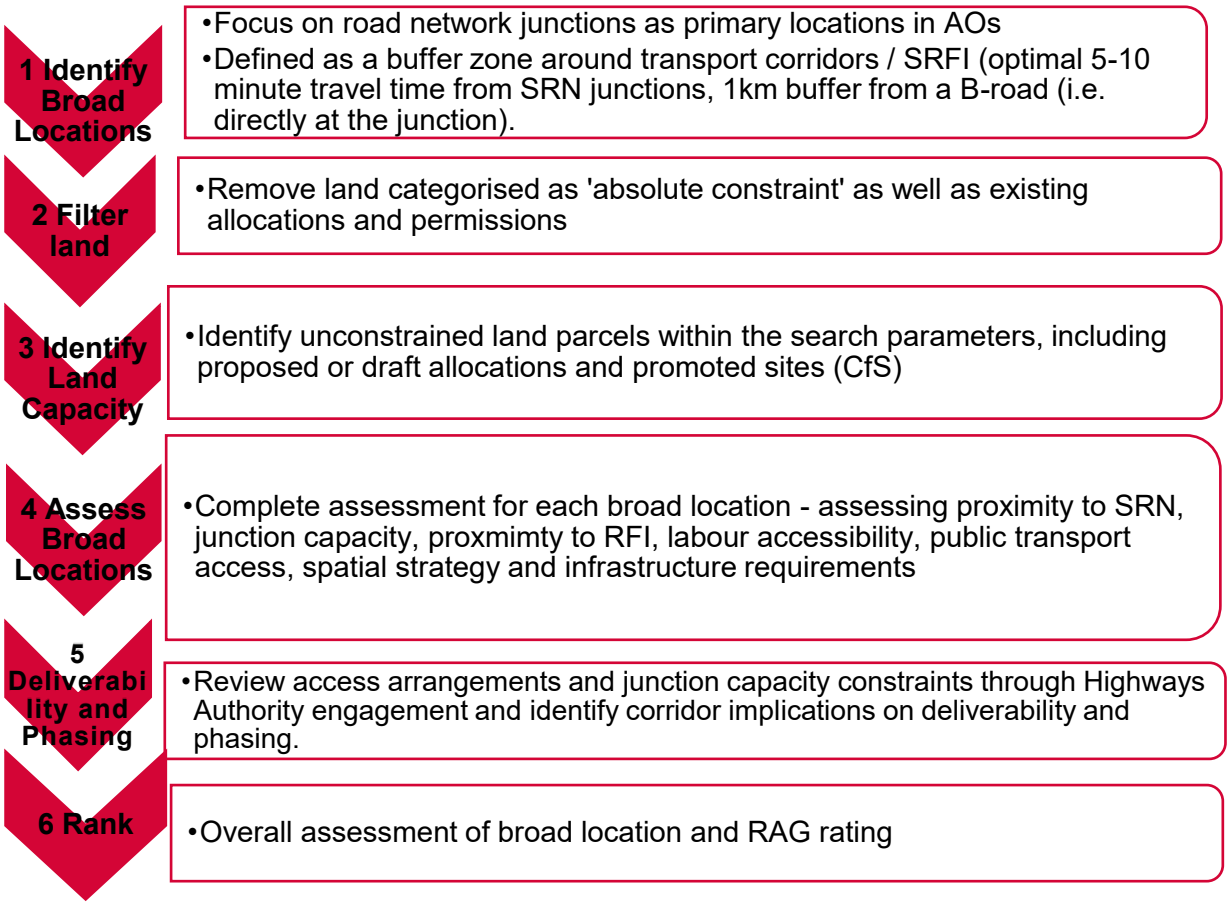
- Use a sequential approach, meaning that should new information come to light about any location assessed or capacity available, or indeed location rejected, the approach and outcomes can be adjusted.

0.17 The methodology is made up of three overall steps : 1) identify broad locations and capacity; 2) apportion the need to areas of opportunity (AOs); 3) check outcomes against notional capacity of AOs.

Step 1: Location Identification and Assessment

0.18 The approach to step 1 of identifying and assessing potential locations is summarised below.

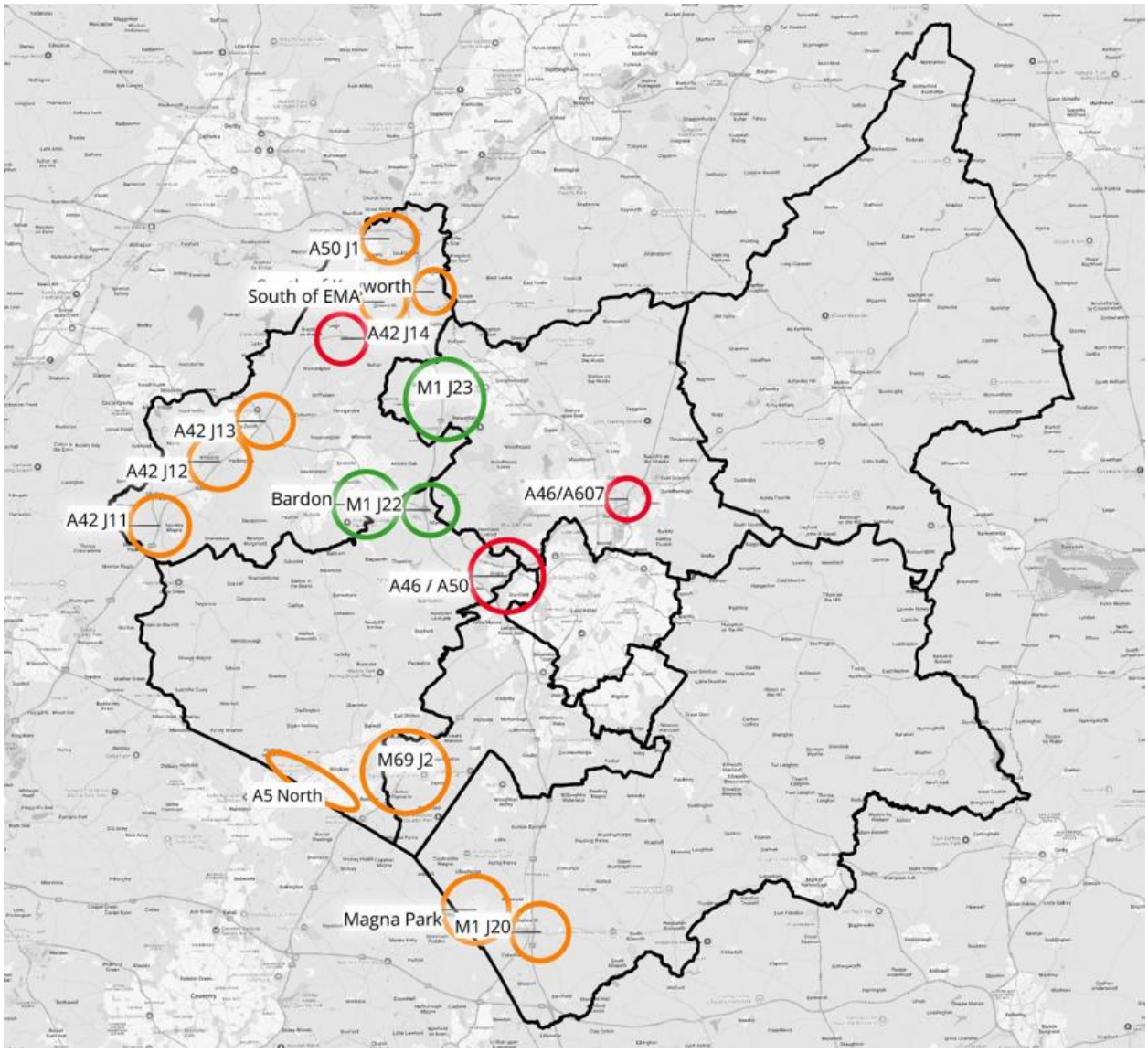
Figure 0.1: Location Identification and Assessment



0.19 The assessment should not be construed as providing an employment land availability assessment.

0.20 The overall results for broad locations assessed can be seen on the diagram below. This assumes that the various locations considered will, in the fullness of time, be achievable and deliverable, although at present many do not have the infrastructure in place, as highlighted by the transport authorities through this work. Whilst this may be considered prohibitive to growth, it is evident that there is a significant scale of economic opportunity associated with investment if suitable schemes can be designed and funded. Effectively, this report should assist in making the case for investment.

Figure 0.2 Map of Broad Locations and RAG Rating



Step 2 Apportioning Need

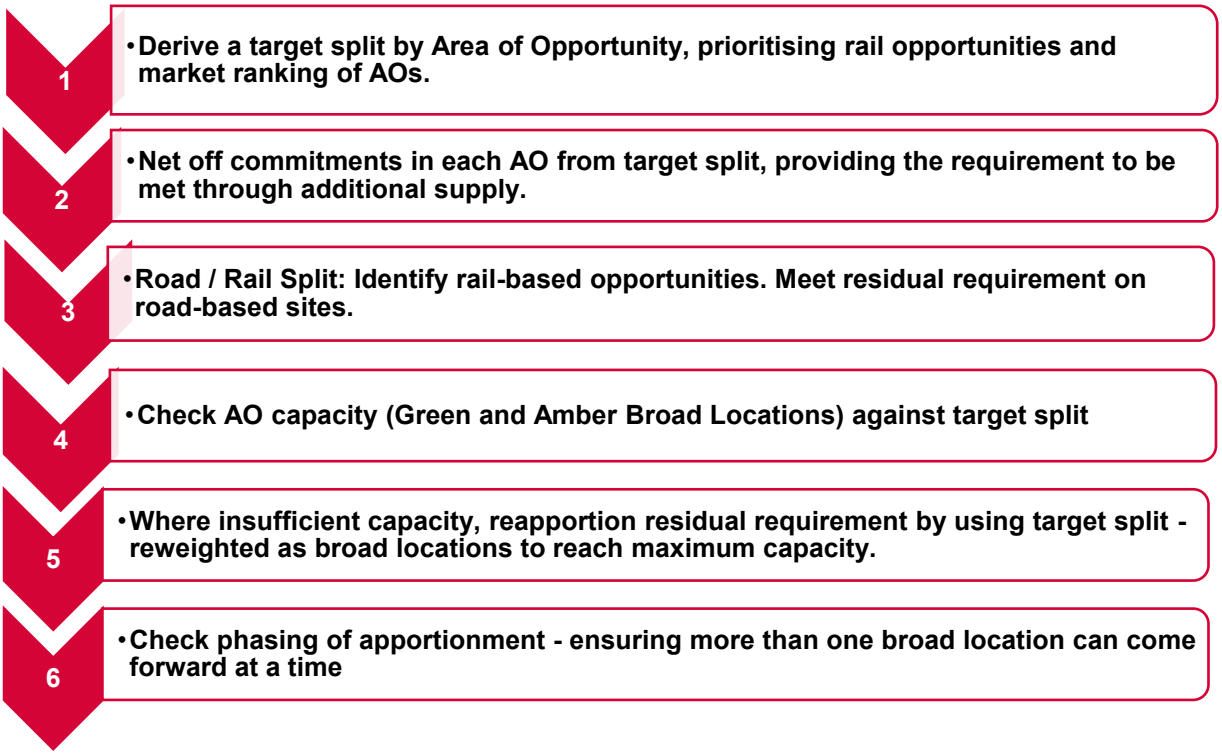
0.21 The approach follows the principles of:

- Identification of potential broad locations for future strategic distribution floorspace using specific search parameters, including minimum site size, constraints and proximity to the SRN;

- Further cross check and inclusion of sites included in emerging Local Plans and call for sites or promoted submissions to identify maximum capacity at each broad location;
- Assessment and scoring of broad locations;
- Derive a target apportionment: prioritising the expansion of rail-served sites / delivery of a new SRFI and reflecting corridor ranking;
- Apportion the additional floorspace requirement using the target apportionment, net off completions/commitments and consider rail-based locations first, meeting the residual requirement at road-based locations;
- Test to target apportionment against assessed land capacity, re-apportioning the shortfall to areas with capacity using the target split (reweighted);
- Checking distribution and phasing of apportionment outcomes.

Overview

Figure 0.3 Approach to Apportionment



Rail-based Opportunities

0.22 Whilst the Hinckley NRFI DCO decision was refused, the potential for a new rail freight interchange to be delivered at this location within the study period, should not be dismissed. The decision letter[1] agrees that there is a compelling need for the Proposed Development. The DCO application was refused on the basis of most notably insufficient transport modelling evidence assessing the impacts at M1 J21/M69 J3; non-compliance with the road safety requirements; and the highways safety impacts on the village of Sapcote as a result of the HGV re-routing allowing the slip roads to be constructed.

[1] https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR050007/TR050007-002725-Refusal%20Letter%20-%20Hinckley%20NRFI.pdf

0.23 Whilst not undermining the scale of the issues for refusal, it is Iceni's view that it is likely that a further application for the SRFI at Hinckley could be submitted and be consented through the DCO process, rather than the Local Plan or Local Planning Authority development management route. The development could therefore still come forward within the study period to 2046. This aligns with National planning policy, principally the NPPF and the National Planning Statement for National Networks, which clearly expects large scale freight developments to be built at locations which have access to the railway network.

0.24 In order to meet the rail-served need it is therefore assumed that 650,000 sq.m of growth can be delivered at Hinckley NRFI within the study period, taking the rail-served residual need down to 700,000 sq.m. A further 240,000 sq.m of rail-served capacity is identified south of East Midlands Airport, providing an extension to the existing EMG rail-served site. There are no further rail-served opportunities within the study area.

Target Apportionment

0.25 The table below derives a target apportionment of the additional floorspace requirement. Stage 1 starts with an equal split across the five Areas of Opportunity that have broad locations identified and capacity. No broad locations or land parcels were identified in AO2 and it is therefore discounted from the apportionment approach from here onwards.

0.26 Stage 2 adjusts the target split upwards or downwards based on market ranking and the opportunities to meet a rail-based need. The apportionment is uplifted to 25% within AO1 (M69) and AO3, recognising the rail-based opportunities as noted above and the prime market locations of both areas. No further adjustment are made to AO4 (M1 North) and AO6 (M1 South), reflecting that they prime market locations but with no rail-based opportunities. AO5 (A42) sees a downwards adjustment to 10%, recognising that it is a secondary location, particularly given its lower labour market availability and non-motorway status.

Table 0.3 Target Apportionment by AO

	Broad Locations	Stage 1: Equal Split	Market Rank	Stage 2: Adjusted Split	Target Apportionment
AO1 – M69/A5	M69 A5 (North)	20%	1	Adjusted upwards: rail prioritisation **+5%**	**25%**
AO2 – A6	N/A	0%	3	Unadjusted	**0%**
AO3 – EMG	South of EMA A50 J1 Kegworth	20%	1	Adjusted upwards: rail prioritisation **+5%**	**25%**
AO4 – M1 North	M1 J23 M1 J22 Bardon	20%	1	Unadjusted	**20%**
AO5 – A42	A42 J11 A42 J12 A42 J13	20%	2	Adjusted downwards: low market ranking **-10%**	**10%**
AO6 – M1 South	Magna Park (A5 South) M1 J20	20%	1	Unadjusted	**20%**

Source: Iceni analysis

0.27 The table below apportions the additional floorspace required (3,969,400 sq.m) based on the target apportionment and nets off the existing completions and commitments to derive a residual floorspace required.

0.28 The residual floorspace requirement is met through the rail-based locations in AO1 and AO3, as discussed above, yielding 890,000 sqm of floorspace at rail-served sites. There are no further direct rail head connected locations identified within Leicestershire. As a result, the remaining requirement of 2,169,200 sq.m is assumed to all be met on road-based sites.

Table 0.4 Target Apportionment (2023-46) (sq.m)

AOs	Broad Locations	Target Apportionment		Existing / Residual Requirement		Road/Rail Split of Residual Requirement	
		Target Apportionment	Total Target Floorspace	Completions & Commitments	Total Residual Floorspace Required	Rail Sites	Road Based Sites (Residual – Rail)
AO1 – M69/A5	M69	**25%**	940,800	31,700	909,100	650,000	259,100
	A5 (North)						
AO3 – EMG	South of EMA	**25%**	940,800	138,600	802,200	240,000	562,200
	A50 J1						
	Kegworth						
AO4 – M1 North	M1 J23	**20%**	752,700	194,300	558,400		558,400
	M1 J22						
	Bardon						
AO5 – A42	A42 J11	**10%**	376,300	82,500	293,800		293,800
	A42 J12						
	A42 J13						
AO6 – M1 South	Magna Park (A5 South)	**20%**	752,700	257,000	495,700		495,700
	M1 J20						
Other				206,100			
Total			**3,969,400**	**910,200**	**3,059,200**	**890,000**	**2,169,200**

Source: Iceni analysis

Step 3: Capacity Testing the Target Apportionment

0.29 The table below indicates that there is insufficient capacity within AO1 and AO4 to meeting the road-based target apportionment. All other Areas of Opportunity have sufficient capacity. In total, there is a shortfall of 195,500 sq.m - this is redistributed in the next step.

Table 0.5 Capacity Testing of Target Apportionment (2023-46) (sq.m)

AOs	Target Split (excl. Completions & Commitments)		Maximum Capacity		Shortfall	
	Rail	Road	Rail	Road	Rail	Road
AO1 – M69/A5	650,000	259,100	650,000	210,000		-49,100
AO3 – EMG	240,000	562,200	240,000	717,500		
AO4 – M1 North		558,400		413,000		-145,400
AO5 – A42		293,800		1,645,000		
AO6 – M1 South		495,700		1,190,000		
Other						
Total	**890,000**	**2,169,200**				**-194,500**

Source: Iceni analysis

0.30 The shortfall is reapportioned amongst the AOs with remaining capacity based on the ratio of the original target split, once removing the AOs that have reached capacity. Under this methodology, AO3 receives 45% of the shortfall, AO6 meets 36% and AO5 meets 18%. The methodology has been designed in a way that if the maximum floorspace capacity at a broad location / area of opportunity changes, the final apportionment can be adjusted.

0.31 The table below shows the reapportionment of the shortfall and the subsequent final floorspace apportionment.

Table 0.6 Reapportionment of Shortfall and Final Apportionment (sq.m)

	Reapportioning Road Shortfall			Final Apportionment (2023-46)			
	Shortfall (Road)	Split	Shortfall Reappor-tioned	Completions & Commitments	Road	Rail	Total
AO1 – M69/A5	-49,200	0%		31,700	210,000	650,000	891,700
AO3 – EMG		45%	88,400	138,600	650,000	240,000	1,029,200
AO4 – M1 North	-138,400	0%		194,300	413,000		607,300
AO5 – A42		18%	35,400	82,500	329,200		411,700
AO6 – M1 South		36%	70,700	257,000	566,400		823,400
Other		0%		206,100	-		206,100
Total	187,600		194,500	910,200	2,169,200	890,000	3,969,400

Source: Iceni analysis

Outcomes

Table 0.7 Apportionment by AO (sq.m)

District	Completions + Commitments		Residual Need Apportioned		**Total Apportioned Need**		**Apportionment (%)**
	Rail	Road	Rail	Road			

AO1	-	31,700	650,000	210,000	891,700	**22%**
AO2	-	-		-	-	**0%**
AO3	-	138,600	240,000	650,600	1,029,200	**26%**
AO4	-	194,300		413,000	607,300	**15%**
AO5	-	82,500		329,200	411,700	**10%**
AO6	-	257,000		566,400	823,400	**21%**
Other	-	206,100		-	206,100	**5%**
Total	-	**910,200**		**2,169,200**	**3,969,400**	

Source: Iceni analysis

Table 0.8 Apportionment by District/Borough

District / Borough	Completions + Commitments		Residual Need Apportioned		**Total**	**Apportionment incl. completions + commitments**
	Rail	Road	Rail	Road		
North West Leicestershire		221,100	240,000	1,093,600	**1,554,700**	**39%**
Harborough		257,000		566,400	**823,400**	**21%**
Hinckley & Bosworth		327,000		428,800	**755,800**	**19%**
Blaby		105,100	650,000	0	**755,100**	**19%**
Charnwood		0		80,500	**80,500**	**2%**
Total		**910,200**	**890,000**	**2,169,200**	**3,969,400**	

Source: Iceni analysis

Longevity and reflexivity of outcomes

0.32 The approach in this study is designed to have longevity in its application, which is not to say that the outcomes of the methodology are fixed.

0.33 The methodology is applied using currently available information. It is liable to change as Local Plans progress and more information is available about each broad location and specific sites within, both those assessed and rejected, including (but not exclusively) regarding site capacity / land availability and transport capacity.

0.34 As a result, the outcomes in the concluding tables in this report are not absolute - they provide a guide for further feasibility and testing of proposed sites for potential allocation or applications as seen fit by the authorities. In particular, detailed work will need to be undertaken through the Local Plan making process, or in the case of Hinckley NRFI, through the DCO process, across issues such as land availability, landscape, biodiversity, and importantly transport assessment and modelling. Strategic Transport Assessment and/or Local Plan Transport Assessment will be required to take the broad locations considered and overall apportionment forward to allocation stage and support the selection of appropriate sites to meet identified needs. This report does not usurp Local Plan making or DCO process but is intended as a reasonable approach at a scale reflective of the market area for this strategic sector to apportioning the need of strategic distribution.

0.35 The methodology is designed as such that it can be readily updated as required when circumstances change to reflect new information, constraints or developments.

1. INTRODUCTION

1.1 Iceni Projects has been commissioned by the Leicester and Leicestershire (L&L) local authorities, contracting to North West Leicestershire District Council, to update the previous assessment of the need for strategic distribution floorspace (defined as B8 units of 9,000 sq.m+) looking ahead to 2046; and consider how this need may be apportioned.

1.2 The L&L authorities have historically worked together to plan for strategic B8 development. The most recent evidence on at a L&L level is set out within the 2021 Warehousing and Logistics in Leicester and Leicestershire: Managing Growth and Change' report ('the 2021 Study'). The 2021 Study provided an assessment and recommendation on the future volume of warehouse floorspace and area of land required to accommodate it that should be planned for between 2020 and 2041 across Leicester & Leicestershire (L&L), as well as a number of wider matters.

1.3 This report provides an update to the strategic B8 need set out in the 2021 report and moves on to consider apportionment of need. Many other components of that 2021 report remain relevant.

1.4 The evidence indicates that demand has been bolstered in recent years by continued growth in e-commerce, with both a long-term growth trend together with a particular demand spike during Covid-19; alongside the effects of Brexit increasing stockholding requirements and a shift to a 'just in case' model which requires higher stock volumes; as well as occupier requirements for new modern space including those with sufficient height and power to support automation. These factors together supported very strong take-up between 2019-23, but more recently take up has slowed and vacancies in industrial and distribution property have risen, in part reflecting higher construction costs and interest rates. This report takes into account a balanced approach to the assessment of long-term demand which is expected to affect development needs to 2046.

1.5 The evolution of market demand in recent years points to a higher overall requirement for strategic B8 development, based on triangulating different models; and therefore a higher total

to plan for in the future compared with the 2021 assessment. This report identifies the updated needs position and then looks at a supply side apportionment of need as required by the PPG, based on an assessment of potential broad locations across Leicester and Leicestershire to inform the preparation of individual Local Plans.

1.6 The report is structured as follows:

- Section 2: Context – Policy and Previous Evidence
- Section 3: Property Market Review
- Section 4: Updated Strategic B8 Requirements
- Section 5: Supply-Demand Balance
- Section 6: Broad Location Identification and Assessment
- Section 7: Approach to Apportionment
- Section 8: Conclusions and Recommendations

2. CONTEXT: POLICY AND PREVIOUS EVIDENCE

2.1 This section considers national, regional and local policy evidence base documents as they relate to planning for warehousing and logistics.

National Planning Policy Framework (NPPF) (December 2024)

2.2 The NPPF sets out the Government's planning policies and how these should be applied. It provides a framework within which locally prepared plans can provide for development in a sustainable manner and how planning applications should be considered (Para 1).

2.3 The purpose of the planning system is to support sustainable development – balancing economic, social and environmental objectives. It identifies that these are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives).

2.4 The economic objective is to help build a strong, responsive and competitive economy, by ensuring that sufficient land of the right types is available in the right places and at the right time to support growth, innovation and improved productivity; and by identifying and coordinating the provision of infrastructure (Para 8).

2.5 The planning system is intended to be Plan-led (Para 15).

2.6 Plans should be prepared with the objective of addressing sustainable development and prepared positively, in a way that is aspirational but deliverable (Para 16).

2.7 Planning policies and decisions should help create the conditions in which businesses can invest, expand and adapt. Significant weight should be placed on the need to support economic growth and productivity, taking into account both local business needs and wider opportunities for development (Para 85).

2.8 Para 86 sets out that planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to the national industrial strategy and any relevant Local Industrial Strategies and other local policies for economic development and regeneration;

b) **set criteria, and identify strategic sites**, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) **pay particular regard to facilitating development to meet the needs of a modern economy**, including by identifying suitable locations for uses such as laboratories, gigafactories, data centres, digital infrastructure, **freight and logistics;**

d) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

e) be flexible enough to accommodate needs not anticipated in the plan, and allow for new and flexible working practices and spaces to enable a rapid response to changes in economic circumstances'

2.9 Para 87 states that planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for:

a) clusters or networks of knowledge and data-driven, creative or high technology industries; and for new, expanded or upgraded facilities and infrastructure that are needed to support the growth of these industries (including data centres and grid connections);

b) **storage and distribution operations at a variety of scales and in suitably accessible locations** that allow for the efficient and reliable handling of goods, especially where this is needed to support the supply chain, transport innovation and decarbonisation; and

c) the expansion or modernisation of other industries of local, regional or national importance to support economic growth and resilience'.

2.10 The emphasis on the recent changes in the NPPF clearly shows a movement towards ensuring a suitable range of commercial premises to meet the requirements of industry including freight and logistics.

Invest 2035: the UK's Modern Industrial Strategy (October 2024)

2.11 The Industrial Strategy was published in June 2025, following the consultation that ran from 14 October to 25 November 2024.

2.12 The final Strategy confirms eight priority growth sectors across services and manufacturing, building on existing and emerging strengths: Advanced Manufacturing; Clean Energy Industries; Creative Industries; Defence; Digital and Technologies; Financial Services; Life Sciences; and Professional and Business Services.

2.13 Although logistics is not listed as a stand-alone sector, the Strategy recognises its essential enabling role—particularly for advanced manufacturing and defence—by underpinning resilient supply chains and supporting national competitiveness.

2.14 The strategy commits to creating a "pro-business environment" through cross-cutting policies on skills, innovation, infrastructure and investment. It places strong emphasis on place-based growth, targeting city regions, high-potential clusters and strategic industrial locations for focused investment.

2.15 These policy objectives are expected to support and lower barriers to industrial and logistics development, aligning with planning strategies that safeguard and expand strategic employment land.

Planning Practice Guidance (PPG) – Housing and Economic Needs Assessment, 2020

2.16 Whilst the PPG sets out guidance on how future employment land needs should be assessed there is no standard method. Paragraphs 26 to 30 set out a methodology that implies a triangulation of a range of forecasting approaches (including labour demand and supply, employment land / property take-up. The guidance emphasises the importance of having regard to economic cycles, market signals and business / agent engagement.

2.17 Paragraph 31 more specifically provides guidance on planning for future logistics needs, setting out the requirement for local authorities across the relevant market area to assess the need for logistics and apportion requirements to most appropriate locations.

- engagement with logistics developers and occupiers to understand the changing nature of requirements in terms of the type, size and location of facilities, including the impact of new and emerging technologies;
- analysis of market signals, including trends in take up and the availability of logistics land and floorspace across the relevant market geographies;
- analysis of economic forecasts to identify potential changes in demand and anticipated growth in sectors likely to occupy logistics facilities, or which require support from the sector; and
- engagement with Local Enterprise Partnerships and review of their plans and strategies, including economic priorities within Local Industrial Strategies.

Strategic policy-making authorities will then need to consider the most appropriate locations for meeting these identified needs (whether through the expansion of existing sites or development of new ones).

Warehousing and Logistics in Leicester & Leicestershire 2021

2.18 In 2021, Leicester and Leicestershire authorities commissioned GL Hearn with Iceni Projects and MDS Transmodal to undertake the 'Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change' study. The study brought together a wide range of topics related to the current and future needs of the sector, with an emphasis in particular on future floorspace and land needs to 2041. This study provides selective updates to that report.

2.19 In the 2021 Study it was recommended that the authorities plan for around 2,570,000 sq.m of additional floorspace to 2041. This included a flexible margin of 643,000 sq.m (equivalent to a 5 years of average completions) with the need based on the high replacement, sensitivity test traffic growth model.

Table 2.1 Range of modelled strategic warehousing needs 2020-41

Model	2041 Needs 000s sqm	Comments
High replacement, central traffic growth	2,466	Reflects accepted traffic growth and new technology needs in-stock replacement, with margin.
Low replacement, central traffic growth	2,061	Reflects accepted traffic growth and assumes longevity in stock, with margin, with margin.
High replacement, sensitivity test traffic growth	**2,571**	**Increases traffic growth and assumes new technology requires stock replacement, with margin.**
Low replacement, sensitivity test traffic growth	2,166	Increases traffic growth and assumes longevity in stock, with margin.
Completions trend	2,702	Reflects large warehouse floorspace delivery over the 2012-19 period, projected forwards.
VOA trend	1,941	Models growth only districts 2011-18 projected forwards, all warehouse and industrial stock including losses
Labour demand	-50	Assumes the baseline model for all sectors
Labour demand sensitivity	161	Assumes baseline model for warehouse and related sectors for growth only districts

Source: GL Hearn 2021

2.20 In broad terms, the preferred needs modelling took account of freight traffic growth based on the MDS Transmodal GB Freight Model, together with replacement of older stock which is over 30 years old. In the preferred scenario the freight traffic growth was uplifted by 15% to notionally consider how growth in e-commerce might impact on development needs. This uplift was however estimated before any actual data was available on the demand effects.

2.21 Based on 43% of future need provided at rail served sites, which reflects an expected increase in rail-orientated freight in the future, the Study identified a shortfall of 768,000 sq.m (307 ha) at rail served sites which should be planned for (including margin) after taking into account existing supply and supply pipeline. This was expected to be met by the proposed Hinckley NRFI.

2.22 Based on 57% of future need at non-rail (i.e. road) served sites, the Study identified a shortfall of 392,000 sq.m (112 ha) at non-rail served sites across L&L which should be planned for (including margin) after taking into account existing supply pipeline. For scale, this is less than the extension of Magna Park North of over 400,000 sq.m.

2.23 The 2021 report identified that the Leicestershire and East Midlands warehousing stock is largely road based currently and that increasing the volume of goods moved by rail is essential for the decarbonisation agenda. The study outlined that an optimum position at 2041 would be that 60% of new warehouses are provided at rail served sites however the 2021 study planned for an average of 43% as a graduated rate of achieving this. The proportion of need met at rail-served sites has been reviewed within this study in Section 4.

Table 2.2 Strategic Distribution Floorspace Needs 2020-41

Rail - Forecast Demand and Site Supply 2020-2041 - Leicestershire

Rail-served Sites – for Planning	2026	2031	2036	2041
Rail-served (43% of all new build req.) (sq.m 000's)	237	434	632	829
Margin for flexibility (43% of 5-year completions) (sq.m 000's)	79	145	211	277
Total requirement (sq.m 000's)	316	579	842	1,106
Rail-served supply (at 2020) (sq.m 000's)	338	338	338	338
Balance (sq.m 000's)	22	**-241**	**-504**	**-768**
Indicative Additional Land required (Ha @ 25% plot ratio)	N/A	**96**	**202**	**307**

Non Rail (Road) - Forecast Demand and Site Supply 2020-2041 - Leicestershire

Non rail-served Sites for Planning	2026	2031	2036	2041
Non rail-served (57% of all new build req.) (sq.m. '000s)	314	576	837	1,099
Margin for flexibility (57% of 5-year completion) (sq.m. '000s)	105	192	279	367
Total requirement (sq.m. '000s)	419	768	1,117	1,466
Non rail-served supply (at 2020) (sq.m. '000s)	1,073	1,073	1,073	1,073
Balance (sq.m. '000s)	655	306	**-43**	**-392**
Indicative additional Land required (Ha @ 35% plot ratio)	N/A	N/A	**12**	**112**

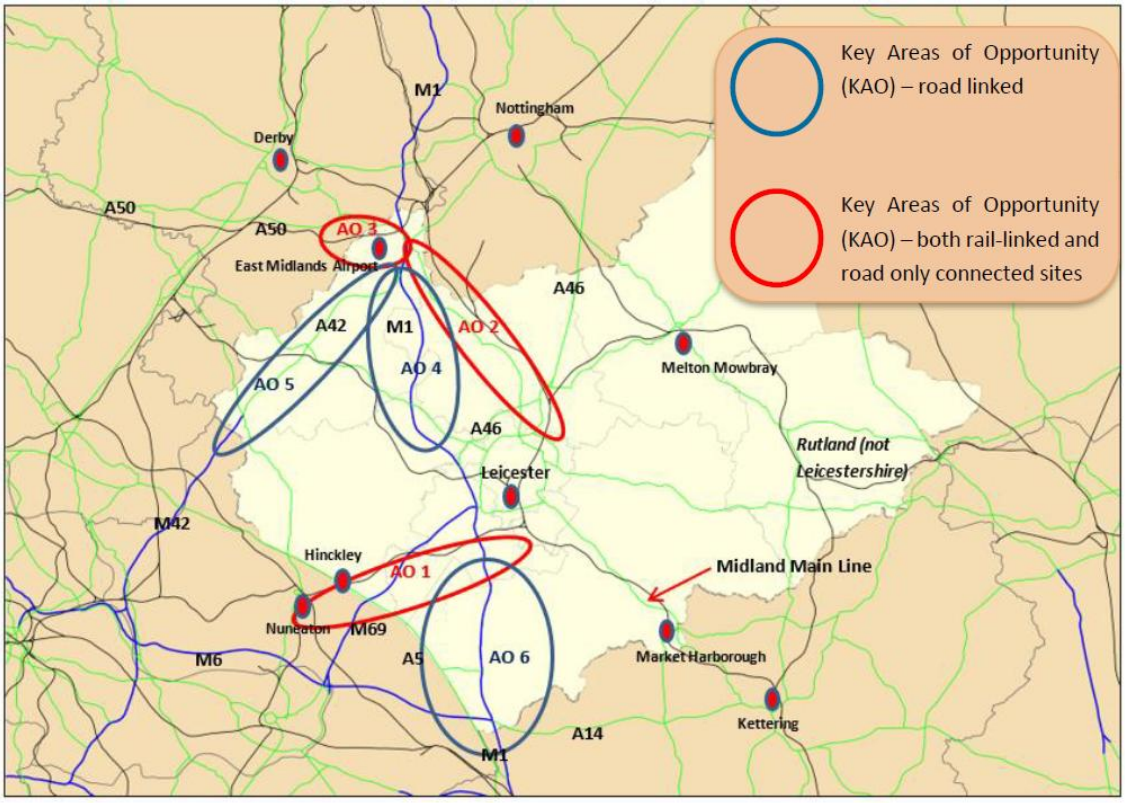
- *Source: Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change(April 2021)*

2.24 The Study identified six broad 'areas of opportunity' (AO) where new strategic logistics sites should be located. The broad areas (as shown in in figure 2.1) were deemed suitable to accommodate sites of the size, scale, location and transport connectivity required by the market. The areas identified met the following criteria:

- Good connections with the strategic highway network – sites served by motorways and long-distance dual carriageways or within reasonable distance of such routes by non-strategic highways suitable for conveying HGVs;
- Good connections with the railway network – for rail sites, those capable of accommodating a generous loading gauge (minimum W8 gauge); on electrified railways line or short distance from one; served by line providing connections to major ports of entry (such as Felixstowe, Southampton) and key domestic destinations;
- Appropriately located relative to the markets to be served; and

- Is accessible to labour and located close to areas of employment need.

Figure 2.1: Areas of Opportunity in Leicestershire



NB: Boundaries of key areas are not definitive and are shown for indicative purposes only

Source: Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change (April 2021)

2.25 The six areas of opportunity are located as such:

- Area 1 – between Leicester and Hinckley, broadly following the M69 and Leicester-Nuneaton trainline transport corridors and part of M1;

- Area 2 – between Syston and Ratcliffe-on-Soar, broadly following the A6, M1 and Midland Main Line transport corridors, incorporating Loughborough;

- Area 3 - between Ratcliffe-on-Soar and Castle Donington / border with Derbyshire, broadly following the A50, M1, the Midland Main Line and the freight only line connecting the Midland Main Line (at Trent Junctions) to the Derby-Birmingham train line;
- Area 4 - to the northwest of Leicester, broadly following the M1 (north) transport corridor;
- Area 5 - the A42 transport corridor, incorporating Ashby-de-la-Zouch; and
- Area 6 - M1 corridor south of Leicester.

2.26 It is of note that the AO1 (M69), AO2 (A6) and AO3 (East Midlands Gateway) are all identified as road and rail-based opportunities in the 2021 study. However, at present only AO3 has a railhead. The ability of other AOs to realise rail opportunity will rely on a new rail access being built.

Leicester and Leicestershire Economic Growth Strategy 2021-30 (November 2021)

2.27 Launched in late 2021, the strategy aims to drive recovery post-COVID and post-EU transition, positioning Leicestershire as a productive, innovative, inclusive and sustainable economy.

2.28 The strategy recognises the importance of Leicestershire's role as the UK's central hub for logistics, supported by assets like East Midlands Airport, East Midlands Gateway SRFI and proximity to major motorway links.

2.29 Logistics is identified as a key driver of employment and productivity, with opportunities tied to the Freeport and increasing demand for sustainable freight solutions.

3. PROPERTY MARKET REVIEW: STRATEGIC DISTRIBUTION

3.1 The 2021 Study was produced at a moment in time at the start of the pandemic and within the Brexit transition period. The strategic logistics market has continued to evolve since the production of the previous study and further information on strategic logistics demand drivers are available, including e-commerce growth; 'just-in-case' stock holding requirement and modern premises requirements. These factors are discussed individually below.

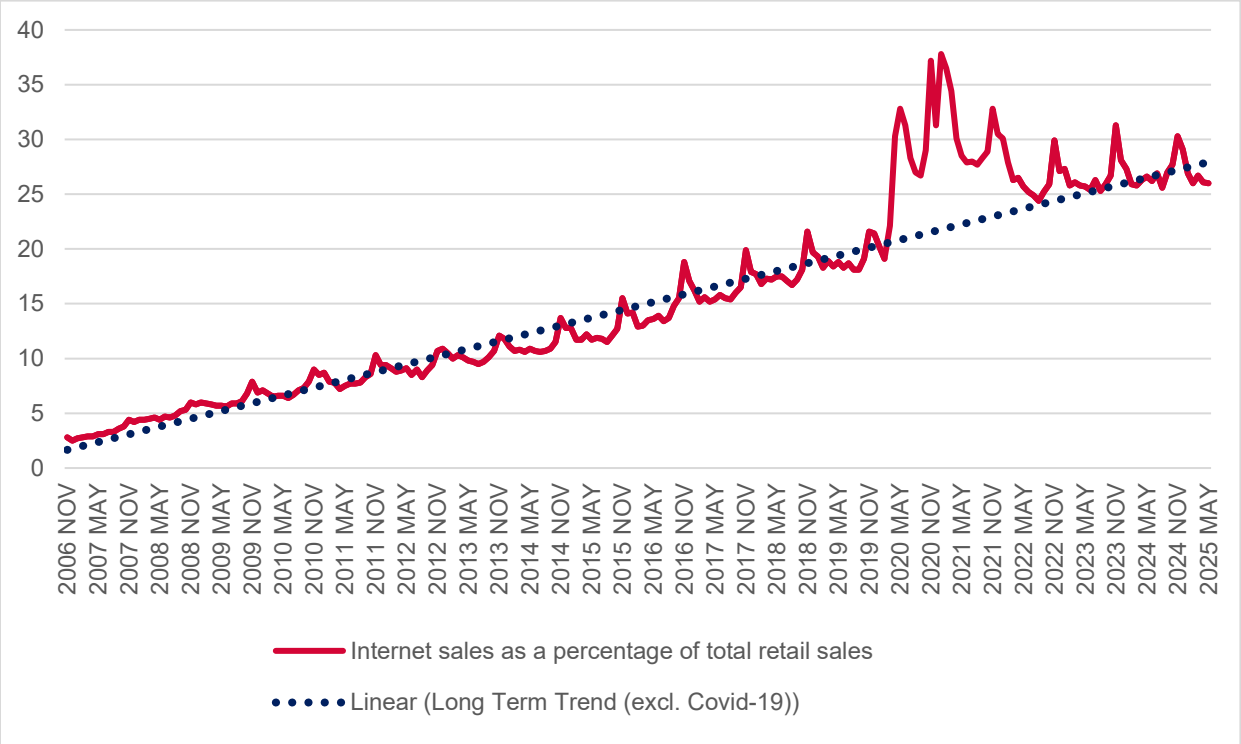
Growth in E-Commerce

3.2 As reported by the ONS and can be seen in Figure 3.1, in 2010 online retailing was around 7% of total sales, by 2019 this had reached around 20% before the shock effect of Covid-19 drove this to a high of 36% in Q1 2021. DHL reported that the pandemic had condensed the growth in e-commerce from 6 years to 6 weeks; and Royal Mail had shipped 117 million more parcels by the end of three months to June 2020, compared with the same period in 2019, as people and businesses shifted to online sales during lockdown.

3.3 As of Q1 2025, the proportion of online retail sales sits at 27%, falling since the pandemic and showing some softening of demand, but still sits significantly above pre-covid trends and with a long-term upward projection. A portion of the population's retailing patterns have permanently changed as a result of the pandemic and the sector continues to transform to meet these needs. There has been a shift in the retail sector away from bricks & mortar stores to an online presence.

3.4 The trend above supports a particular spike in demand for space in 2021 and 2022, driven by Covid-related effects. However the graph indicates a long-term upward trend in retail sales. Although the last 3 years (2023-25) have seen a broadly stable share of online spend, it is important to recognise that retail sales are a function of population growth, so whilst the proportion of internet sales has begun to stabilise, ongoing population growth will continue to be a driver of internet sales growth and thus logistics space.

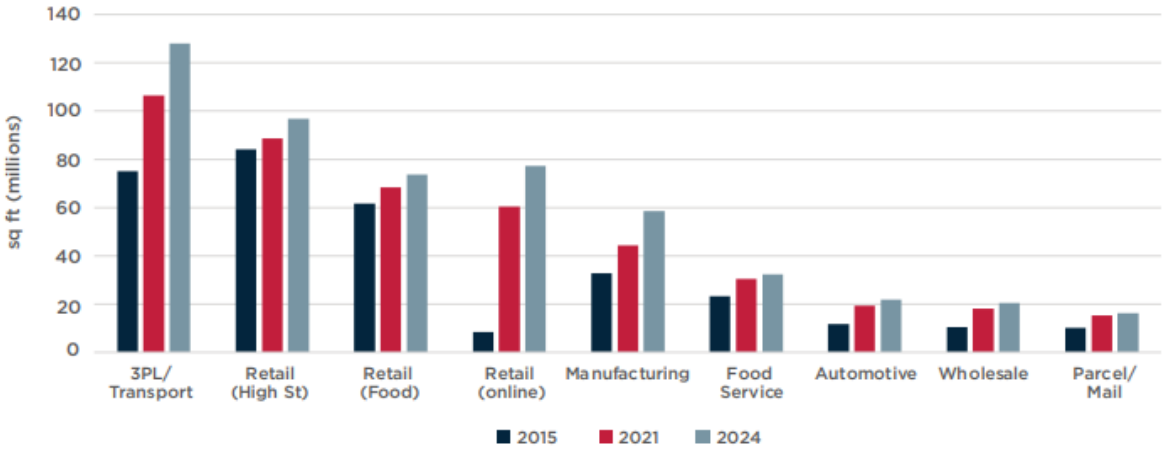
Figure 3.1: Internet Sales as a percentage of total retail sales (%)



Source: ONS 2025

3.5 The chart below reports on the types of occupiers in warehousing in terms of change over time. This highlights the dominance of 'third party logistics' or 3PLs in occupying warehousing space, such as DPD, DHL etc, who facilitate business to business and business to consumer deliveries. Online retail has also grown hugely to 2021, but matured in demand onwards towards 2024.

Figure 3.2: Occupiers of warehouse by type, time series



Source: UKWA REPORT 2024 / Savills

'Just-in-Case' Stock Requirements

3.6 Ongoing trade disruptions and supply chain uncertainty caused by Brexit has resulted in a surge of demand for 'just-in-case' warehousing allowing companies to hold large inventories to minimise supply chain disruptions.

3.7 This demand is particularly driven by manufacturing businesses which increasingly require additional warehouse capacity to store stock to prevent delays in the production of goods and therefore losses in revenue.

3.8 The 'just-in-case' business model was adopted by many businesses following the end of the Brexit transition period at the start of 2021. Due to the timing of the 2021 study, the impact of Brexit on supply chain stability was not fully reflected in the modelled floorspace needs. Again, this contributed to particularly strong demand in 2021-22.

3.9 Recent and ongoing geo-political uncertainty – including the Suez Canal blockage, Trump-era tariffs and conflicts in the Middle East – are expected to continue driving 'just-in-case' supply-chain strategies and associated demand.

Modern Occupier Requirements

3.10 The volume of goods and scale of parcels being processed, combined with the cost of labour and restrictions on labour accessibility, are driving a focus on mechanising the distribution process.

3.11 Robotics drives the need for increased levels of power, as does the increasing switch of vans (light goods vehicles, LGVs) to electric vehicles. It is also resulting in a need for taller warehousing units, of at least 20-30m in height, which can accommodate automation including robotic pick and packing systems. Many Third-Party Logistics (3PLs) companies are focusing on electrification, particularly for customer distribution - with DPD leading the 'charge'.

3.12 There has also been a recent shift in occupier environmental and sustainability requirements. EPC legislation currently requires a minimum EPC rating of 'E' in order to be let, with a target of EPC 'C' by 2030. There has also been a desire for more complex measurements such as BREEAM, which has driven demand for Grade A+ units. Grade A+ units meet occupiers' ESG2 aspirations in addition to reducing operational costs.

3.13 These modern requirements drive the 'replacement build' component (see para 4.13). Older warehousing stock becomes obsolete and requires replacement either in-situ or in more suitable locations.

[2] Environmental, social and governance

Construction Market Conditions

3.14 Despite the logistics demand boom (or spike) as a result of e-commerce growth through Covid-19, Brexit supply chain issues and occupier requirements, the market has seen some cooling over recent quarters.

3.15 Since the beginning of the pandemic, construction costs have soared due to supply chain disruptions and tight labour market conditions.

3.16 Higher interest rates since 2022 have though impacted on construction funding and viability. This has led to decreased investment volumes into the industrial and logistics markets and a slowdown of construction. As a result of these factors, the market has cooled down with a slowdown in speculative construction starts compared to the 2020-21 market boom.

East Midlands Strategic Market

3.17 Savills[3] report (January 2025) that the East Midlands remains the largest UK regional market take-up in 2024, despite continued rise in supply.

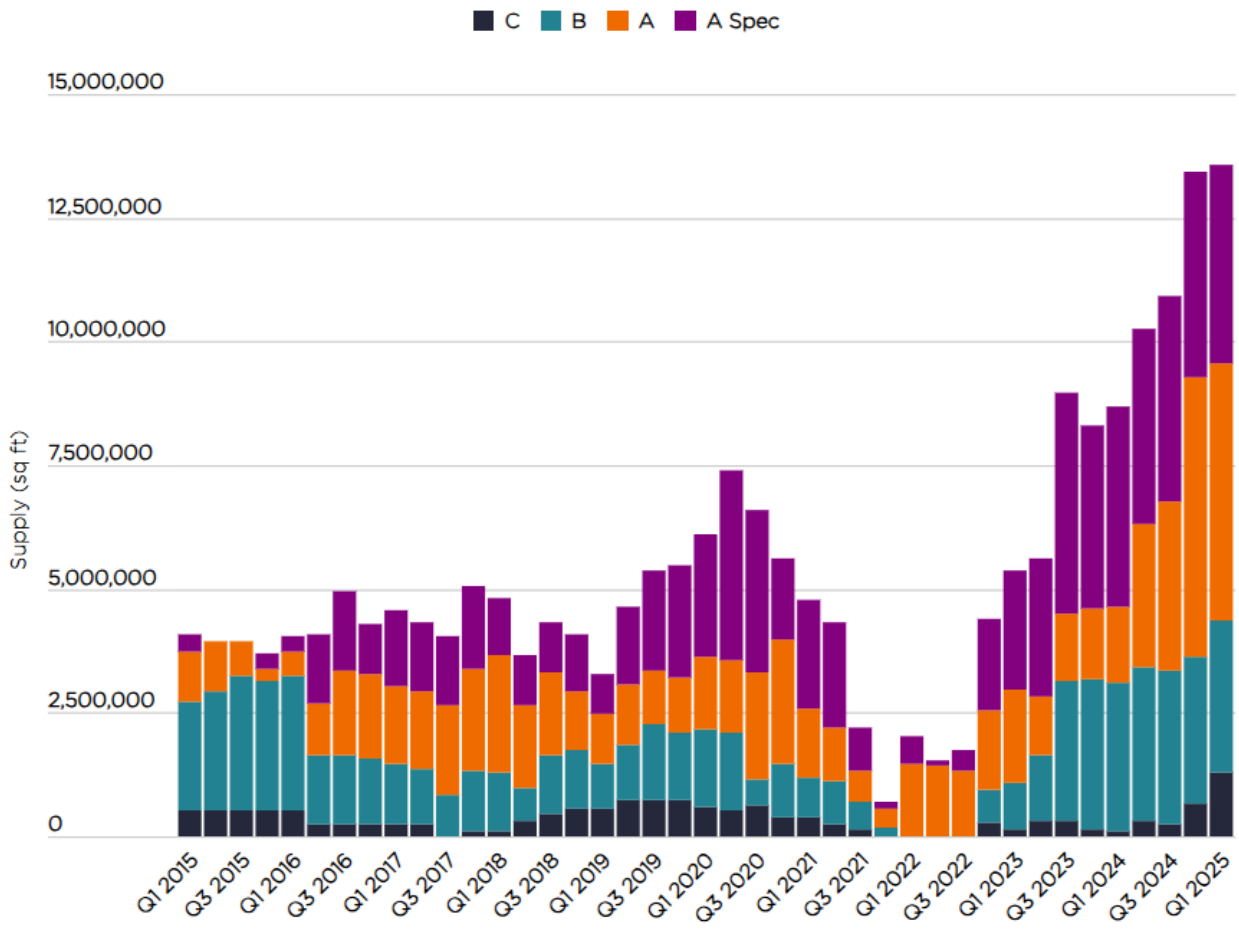
3.18 Nearly 5 million sq.ft (465,00 sq.m) of second-hand space has been returned to the market in the past 12 months, most of which was built before 2000, due to two key factors – occupier consolidation into new speculatively developed units and company failures. Vacancy rates analysis suggests a 'higher for longer' scenario as these older units are redeveloped or refurbished to meet modern standard. Ongoing speculative development, along with the return of second-hand space has pushed vacancy rates to a record high of 10.3% in the region.

3.19 There was 13.6 million sq.ft (1.3 million sq.m) of vacant strategic units in January 2025, marking a 56% rise over the previous year. However, based on five-year annual take-up rates this represents 2.2 years of supply. Units within the large size bands (+400,000 sq.ft / +37,000 sq.m) are however relatively undersupplied across the region.

[3] https://www.savills.co.uk/research_articles/229130/371307-0

3.20 In terms of the grade, of available space on the market, 29% is considered new speculative development, 38% is second-hand grade A, 23% second-hand grade B and remaining 10% is grade C (which may be considered obsolete due to its inability to meet modern occupier requirements).

Figure 3.3 East Midlands Available Supply of Strategic Units by Grade

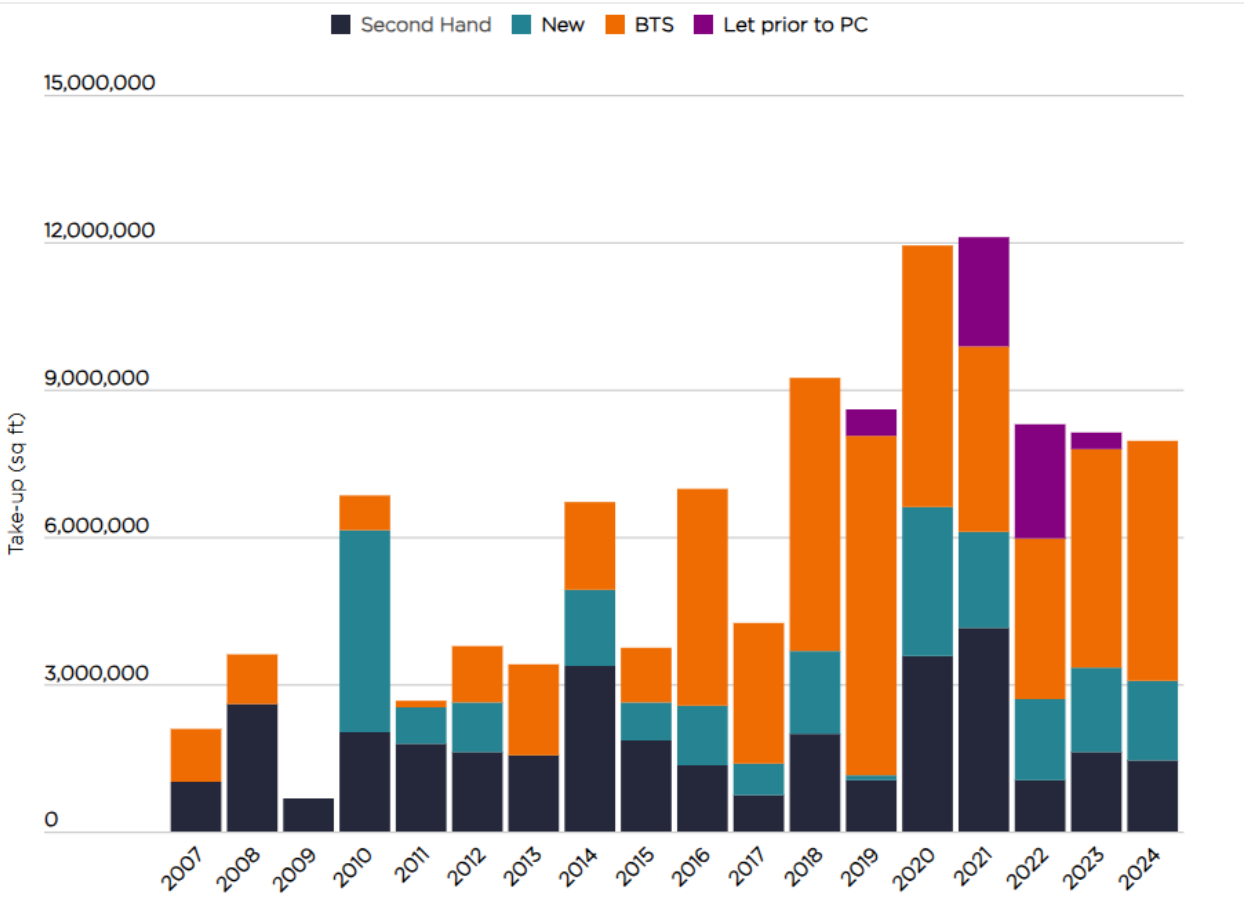


Source: *Savills Research*

3.21 Despite the rise in supply, transactional activity in 2024 exceedrf the long-term average, reaching 8.0 million sq.ft (743,000 sq.m) across 22 transactions in the region, this represents a 65% rise above pre-Covid annual average. Take-up over the last 7 years, from 2018 onwards, has been notably higher than the longer-term trend since 2007.

3.22 Occupier activity in 2024 aligned with trends seen across the UK, with third-party logistics (3PL) firms acquiring the most space, accounting for 35% of total activity. High street retailers accounted for 21%, online retailers 12%, and food producers 10%.

Figure 3.4 East Midlands Strategic Unit Take-Up



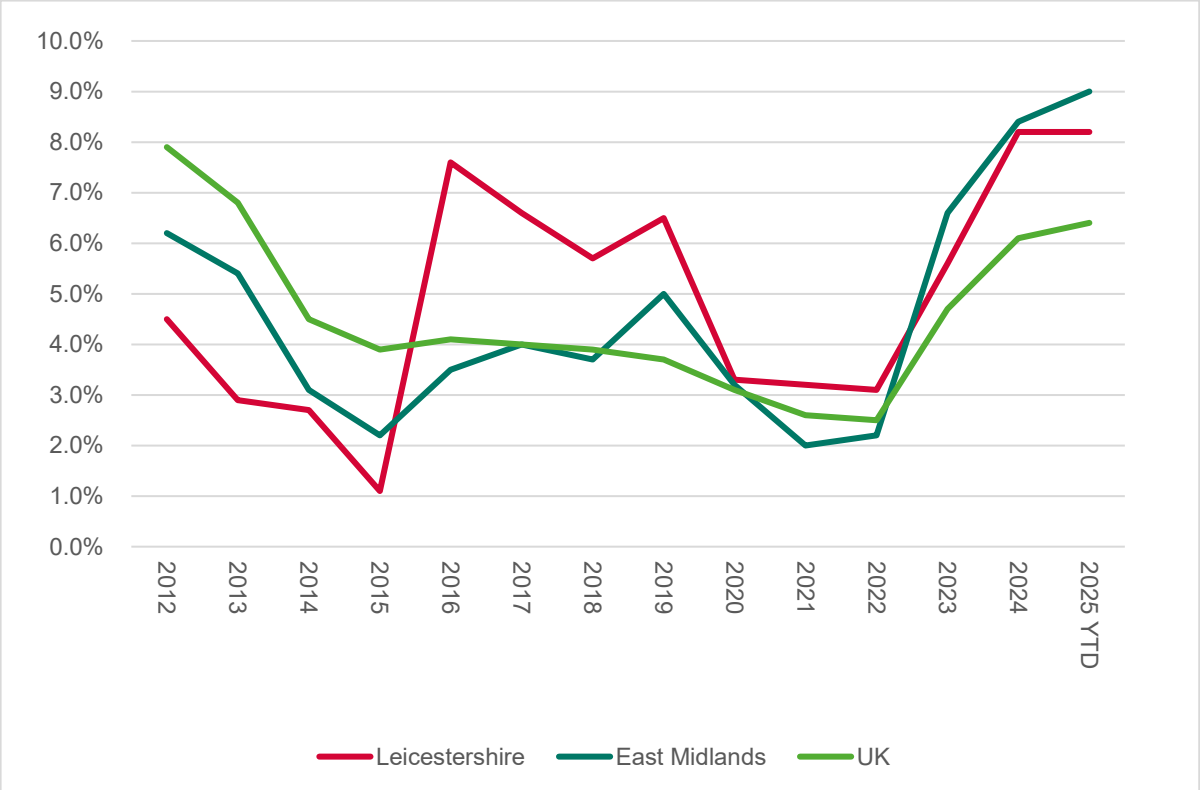
- ***Source:*** *Savills Research*

Leicestershire Strategic Distribution Market

3.23 The figure below shows the vacancy rates for strategic B8 floorspace in Leicestershire, the East Midlands and the UK. Vacancy rates in Leicestershire fell between 2016 and 2022, reaching a low of 2.2% and have since risen to a historical high of 8.2%. A similar trend has been seen across the East Midlands and the UK which currently have a vacancy rate of 9.0% and 6.4%.

3.24 Vacancy and / or availability rates of 5-10% are considered optimal in the industrial market to allow for occupier choice and market churn – within the strategic unit market a lower rate of 5-8% may be appropriate, partly as build to suit (which will not show as vacant) is more common for very large units, and as the market tends to operate more tightly than the broader market due to costs associated with bringing forward land and sites. At times through the past decade strategic B8 vacancy rates were at a sub-optimal level, although Leicestershire less so than elsewhere, and the lack of supply likely restricted market activity. Whilst vacancy rates have recently been rising and currently sit at an optimal level, a notable amount of vacant stock is aged and of poor quality and artificially inflating vacancy rates – this is explored in more detail within this chapter.

Figure 3.5 Vacancy Rates – Strategic B8 Floorspace



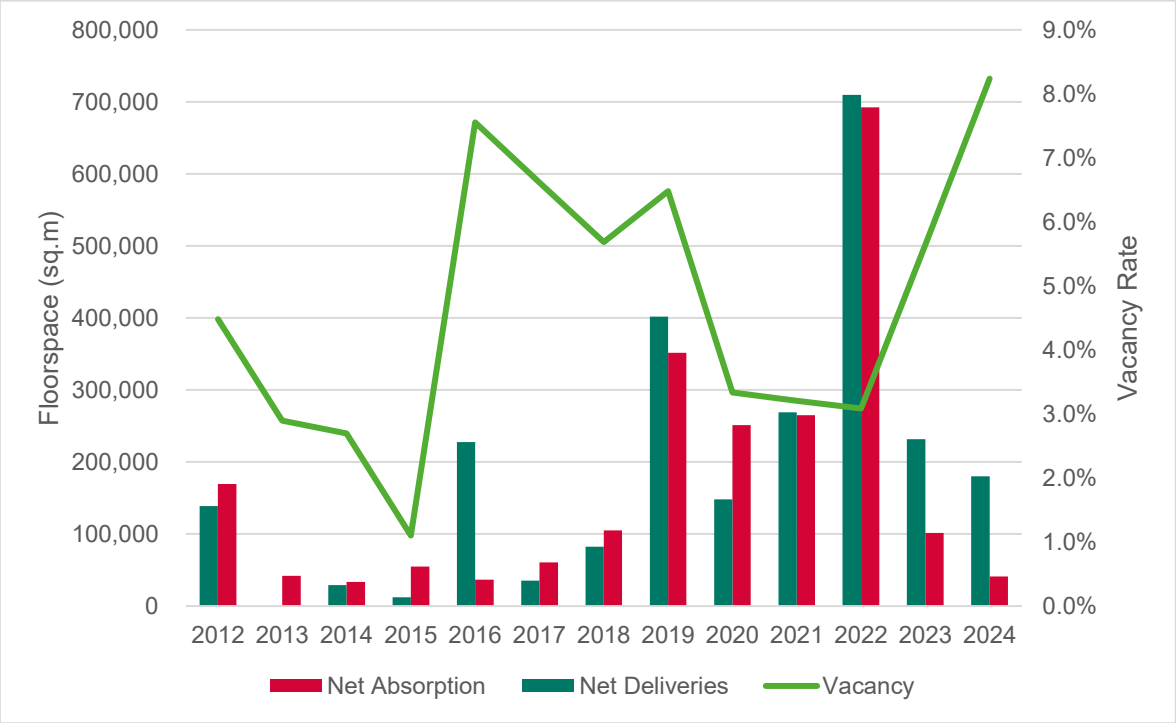
Source: CoStar (February 2025)

3.25 The figure below shows the net absorption and net delivery of strategic B8 floorspace across Leicestershire. Net absorption represents the increase in occupied floorspace (move ins minus

move outs). Net absorption increased year on year 2014 to 2022, with a lull in growth in 2020 and 2021 likely due to lack of supply and Covid-19 restrictions on construction, supported by vacancy rates of 3%. Net absorption has on average matched net deliveries and in the 2019-22 period, data indicates that everything constructed was leased within the same year.

3.26 For the years 2023 and 2024, the level of take-up significantly reduced, alongside the level of deliveries, however deliveries exceeded take-up, causing vacancy rates to rise. Net absorption does not however pick up occupiers moving from an older unit to a newly constructed unit within the same year. The rise in vacancy is caused in particular by the older stock being vacated. When excluding vacant pre-2000s stock i.e. obsolete stock, the effective vacancy rate is much lower at 5.5%.

Figure 3.6 Leicestershire Strategic B8 Net Absorption, Net Deliveries and Vacancy



Source: CoStar 2025

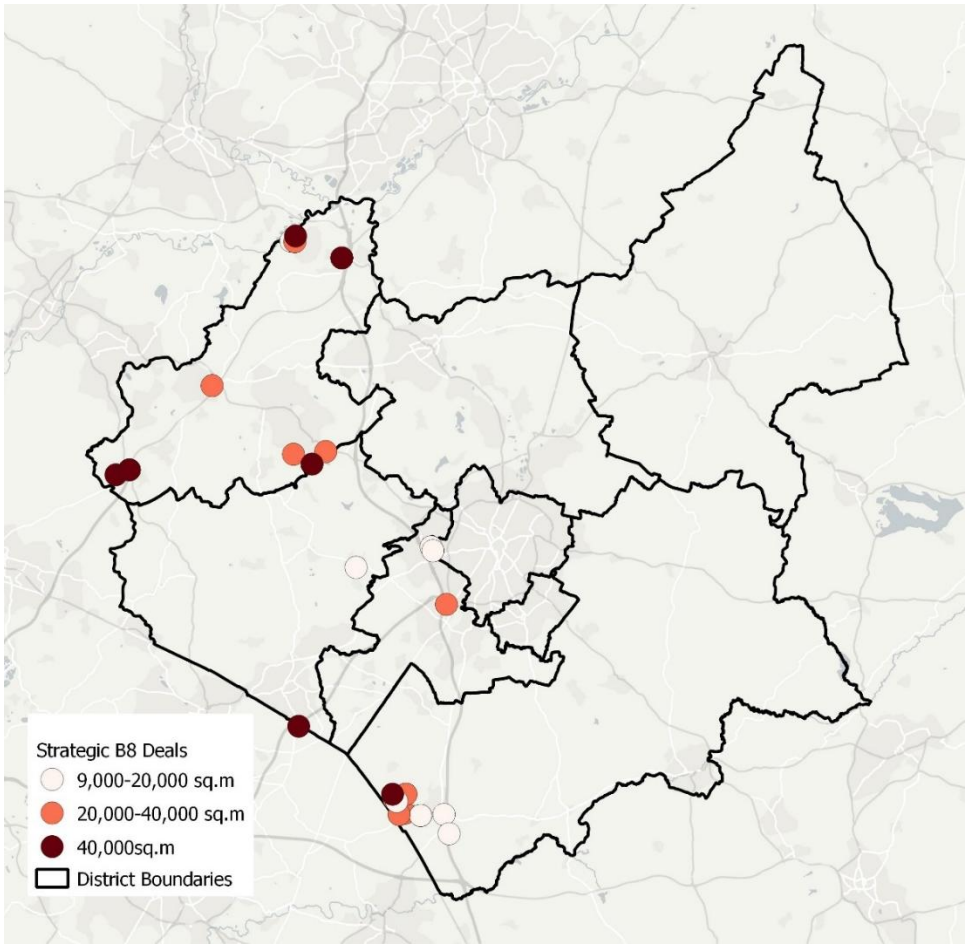
Leasing Activity

3.27 For the purposes of assessing leasing activity herein, only “Strategic” units over 9,000 sq.m (100,000 sq.ft) have been included[4]. There were no transactions recorded in Melton or Oadby and Wigston between 2017 and 2022. Take-up includes both new and existing floorspace.

3.28 Figure 4.6 below profiles the spatial distribution of strategic industrial transactions since 2019. The deals generally follow the major road corridors of the M1 and A42 and take place for the most part at large distribution parks including Magna Park, East Midlands Gateway, Bardon Hill and Optimus Point.

[4] Note: some units included are leased by tenants whose industry is defined as ‘Manufacturing’ however the primary use of the floorspace is for storage and logistics purposes.

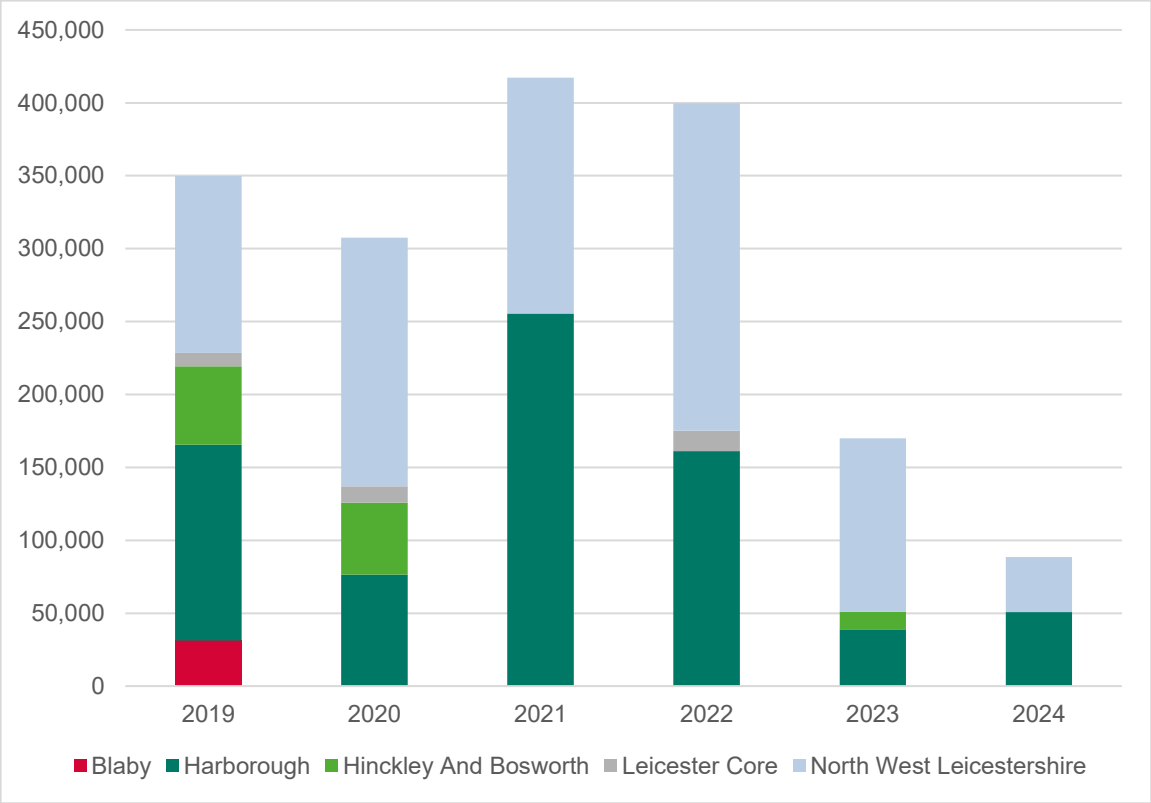
Figure 3.7 Deals by size (+100,000 sq. ft) in Leicestershire (2019-2024)



Source: CoStar 2025

3.29 The chart below presents the floorspace take-up by local authority and over the past 6 years. A majority of strategic unit take-up has been in North West Leicestershire at 48.2%. This is closely followed by Harborough at 41.4%. Hinckley and Bosworth only saw 6.6% of floorspace leased. Floorspace leasing activity spiked in 2021 and 2022 and has been more modest in the latter years.

Figure 3.8 Strategic B8 Deals by Year and Local Authority, 2019-2024



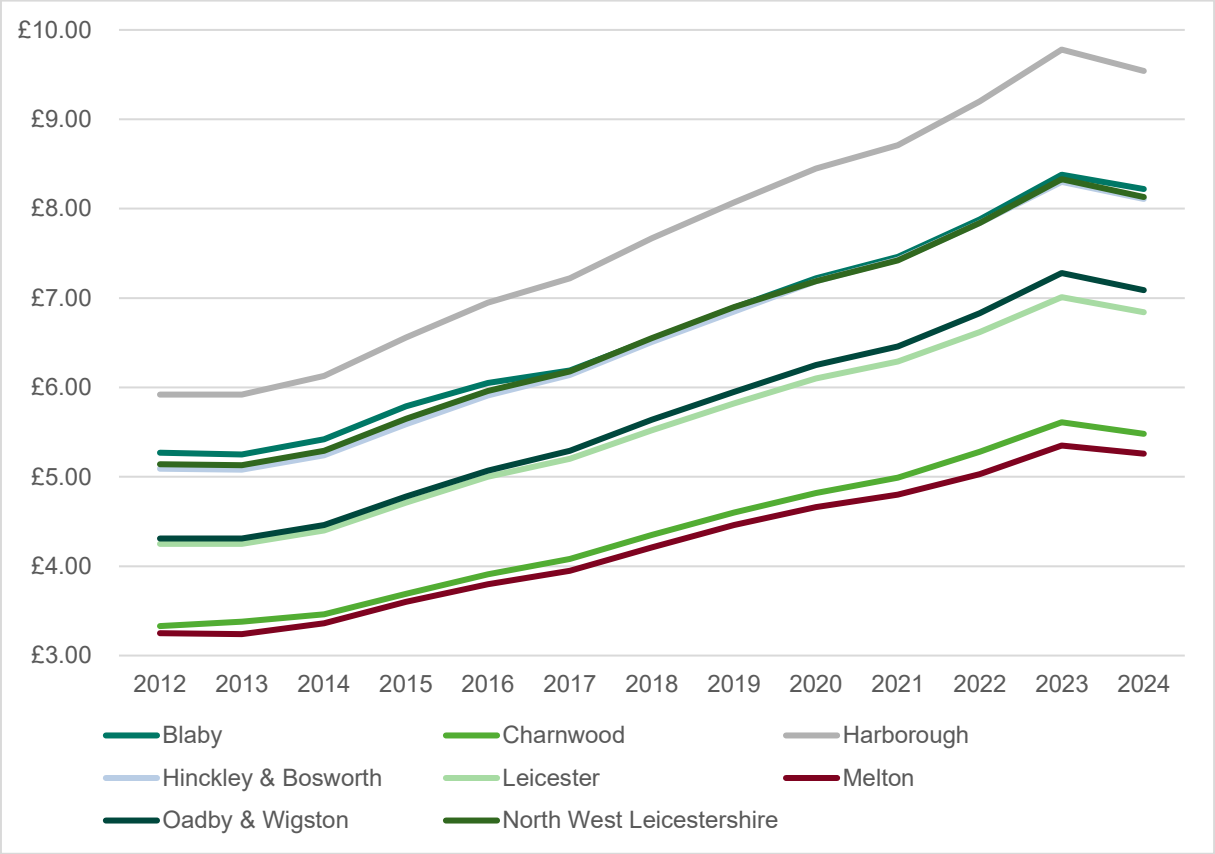
Source: CoStar 2025

Rental values

3.30 The figure below shows that over the past 10 years rental values for industrial spaces over 100,000 sq ft have been steadily increasing at an average rate of 5.8% per annum. Average rents in Harborough are considerably higher at £9.54 per sq.ft, compared to the Leicestershire average of £8.34 per sq.ft, reflecting its role as a key market. This is followed by North West Leicestershire at £8.13 per sq.ft.

3.31 Rental value growth tailed off in 2024, contracting on average by -0.6%, reflecting the injection of supply the market combined with weaker demand.

Figure 3.9 Average Strategic B8 Inflation-Adjusted Market Rent (£ per sq. ft)



Source: CoStar (2025)

Stock Location and Age

3.32 The table below shows the existing stock in each Leicestershire district / borough by age. Given the increasing focus on sustainability and ESG requirements from occupiers and the upcoming EPC requirements, requiring a minimum EPC rating of C by 2030, older stock will soon become obsolete. Industrial units have a lifespan of 30-40 years, meaning that by 2040, pre-2000s units will need replacement.

3.33 North West Leicestershire has the greatest quantum of new post-2010 stock, nearly three times that of Harborough. Leicester and Hinckley & Bosworth have a considerable quantum of pre-1990s stock which will need replacement (149,000 sq.m and 172,000 sq.m respectively), relative to their overall stock levels.

3.34 The role of on site replacement of aged and obsolete units on well-located sites in meeting future demand is considered later in the report.

Table 3.1 District / Borough: Stock by Age

	Pre 1990		1990-2000		2000-10		Post-2010	
	No	Floorspace (sq.m)	No	Floorspace (sq.m)	No	Floorspace (sq.m)	No	Floorspace (sq.m)
North West Leicester	8	190,500	6	136,600	12	275,500	35	1,407,000
Harborough	4	65,800	12	369,200	18	447,000	17	532,000
Hinckley & Bosworth	5	171,600	3	171,000	4	102,200	10	372,300
Blaby	4	58,600	3	46,900	4	51,300	4	101,800
Leicester	9	148,700	2	32,000	0	0	4	57,200
Melton	7	107,500	1	12,100	0	0	1	12,200
Charnwood	4	53,700	1	19,600	0	0	0	0
Oadby & Wigston	1	9,300	1	28,100	0	0	0	0
Total	42	**805,700**	29	**815,000**	38	**876,000**	71	**2,482,500**

- *Source: CoStar and Iceni Analysis (March 2025)*

Availability

3.35 As of March 2025, there are 28 strategic units available across Leicestershire, totalling 895,600 sq.m (18% availability rate), of which only 19 are immediately available totalling 455,000 sq.m (9.1% availability rate) with the remainder advertised to the market as available but are currently under construction, refurbishment or not yet commenced.

3.36 However not all of these units are optimally located to serve the modern occupier market:

- 3 units (totalling 61,800 sq.m) are located at Melton Mowbray on the A607, which is not a strategic location;

- 7 units (totalling 183,200 sq.m) are aged 2000 or older and likely do not meet desirable ESG[5] and other market requirements;

3.37 Excluding these units from the availability schedule reduces overall availability rate to 15.6%, with an availability rate of 4.3% for those units immediately available.

Table 3.2 Available Units Strategic B8 (Q1 2025)

Property Name	Floorspace available (sq.m)	Broad Location / Junction	Year Built / Status	Grade
MPS 187 (Magna Park South)	17,326	Magna Park	2022	A
MPS 10 (Magna Park South)	12,707	Magna Park	2024	A
Units 1200-1300 (Magna Park Central)	10,769	Magna Park	1993	B
MPS 11 (Magna Park South)	11,081	Magna Park	2024	A
5120 (Magna Park Central)	20,423	Magna Park	1995	B
4300 (Magna Park Central)	20,320	Magna Park	2000	B
104 (Magna Park Central)	9,697	Magna Park	1990	B
4200 (Magna Park Central)	9,290	Magna Park	2010	B
Unit 3220 (Magna Park Central)	14,850	Magna Park	1995	B
Magna Park 214 (Magna Park Central)	19,814	Magna Park	Built 2000 - Under Renovation	B
MPN761 (Magna Park North)	70,732	Magna Park	Under Construction	A
MPN 6 (Magna Park North)	80,211	Magna Park	Proposed (planning granted)	A
MPN 7 (Magna Park North)	38,238	Magna Park	Proposed (planning granted)	B
Unit 2, Mountpark Bardon	29,243	Bardon	2016	A
Bardon III - Mountpark Bardon	89,186	Bardon	Proposed (planning granted)	A
G.Park	68,421	A42 J13	Proposed (planning granted)	B

[5] Environmental Social Governance

Hinckley 340, Hinckley Park	31,666	M69 J1	2023	B
Optimus 277, Optimus Point	25,758	M1 J21A / A46	2016	B
Nexus 21, Grove Park	14,610	M1 J21/M69	2006	B
80 Scudamore Rd	10,896	Leicester (west)	Built 1960 - Under Renovation	B
EMDC 343	31,917	East Midlands Distribution Centre	2023	B
Unit 2, Griffen Park	9,632	Desford	2023	B
Building C and C1	123,843	Desford	1990	B
Unit 3 Griffen Park	15,793	Desford	Proposed (planning granted)	A
Unit 4 Griffen Park	47,380	Desford	Proposed (planning granted)	B
East Midlands Distribution Hub	28,688	Melton Mowbray (A607)	1982	B
Unit 3 East Midlands Distribution Hub	20,945	Melton Mowbray (A607)	1980	B
Unit 1 East Midlands Distribution Hub	12,196	Melton Mowbray (A607)	2015	B
Total	895,634			

Source: CoStar March 2025

4. UPDATED ASSESSMENT OF STRATEGIC B8 NEEDS

4.1 This section seeks to provide an updated position on the need for strategic B8 units of >9,000 sq.m across Leicester and Leicestershire, taking account of more recent trends and data than was available when the 2021 Study was prepared.

4.2 The following models are explored:

- Traffic Growth and Replacement Demand (MDS Transmodal);
- Gross Completions;
- Net Absorption (Past Take-up); and
- Net Absorption with a Supressed Demand Adjustment at 5% and 8% rate.

4.3 The need for strategic B8 floorspace has been forecasted for the 23-year period from 2023-46.

Traffic Growth and Replacement Demand

4.4 This land-use forecast methodology is derived from the following key factors relating to new logistics facilities:

- The continual process over time whereby existing large-scale warehousing becomes physically or functionally obsolete, and consequently needs to be replaced by a new building (replacement build); and
- Long-term growth in the demand for goods in the wider economy and the subsequent need for additional floorspace in order to handle that growth (growth build).

4.5 New warehouse units can, of course, incorporate both the replacement and growth build elements under the same roof.

4.6 Existing warehouse capacity can be quantified from available data sources, with a view then reached as to the likely replacement rate based on our experience of the logistics sector and market trends. Freight traffic growth (a proxy for growth in the demand for goods) can be forecast using econometric models; in this case the *MDST GB Freight Model* (used to produce forecasts for Network Rail, the DfT and National Highways among other bodies). The traffic growth is then related to floorspace using cargo storage density and throughput rates expected at a modern distribution centre.

4.7 This forecasting methodology was relied upon in the 2021 Study and further details on the methodology can be found in Section 8 of the 2021 report.

4.8 The baseline forecast year adopted for this forecast exercise is 2023 (floorspace and traffic volumes). The key primary output is total new-build rates over a future time period (i.e. future demand for new-build units), measured as sq.m of warehouse floorspace. In this case, new-build rates up to 2051 have been forecast, with intervening years 2036, 2041 and 2046 also estimated. The forecasts are for the East Midlands region and for the county of Leicestershire[6].

Existing Warehouse Capacity

4.9 Given the above, the starting point of the land-use forecasting process is therefore to quantify the existing supply of large-scale logistics and distribution floorspace capacity within the East Midlands region and Leicestershire. The data has been derived from MDST's warehouse database, which has been compiled from the *Valuation Office Agency (VOA)* non-domestic Rating List records (a record of all commercial property in England and Wales by floorspace function and location, collated for Business Rates purposes). We have interrogated the raw database and extracted floorspace data within commercial buildings with a designation 'warehouse' or a similar classification. For clarification, this includes:

[6] Defined as the ceremonial county of Leicestershire, which in local government terms incorporates the seven district / borough councils and the unitary City of Leicester council area.

- Floorspace designated as ‘warehouse’ or similar within a building whose primary classification is ‘Warehouse and Premises’ i.e. a building purposely built to receive, store and distribute cargo (the classic distribution centre); and

- Floorspace designated as ‘warehouse’ or similar within a building that has some other primary classification e.g. a ‘Factory and Premises’ which contains floorspace used to store and distribute goods manufactured at that site.

4.10 Property where the warehouse floorspace (as defined) is greater than 9,000 sq.m in total has been included, this broadly equating to buildings around 100,000 sq.ft or larger, the logistics industry’s recognised definition of a large-scale distribution centre (‘big box’). Other ancillary floorspace designations (e.g. offices) have been excluded, meaning that the total ‘headline’ size of the warehouse (e.g. that which a property agent or developer may quote in their publicity material) will be greater once these other floorspace functions are included. This may mean that completions and market data reports higher outcomes than this model. Further, while the total quantum of ‘warehouse’ or similar floorspace within an individual property is greater than 9,000 sq.m, the actual floorspace may be distributed over two or more different areas (zones) within the individual commercial property.

4.11 Across England and Wales a total of 2,594 buildings covering 55 million sq.m of floorspace can be identified from the VOA Rating List data (as at Q4 2023). A breakdown of these figures by standard regions are presented in the table below.

Table 4.1 Warehouse Floorspace by Region 2023

	Total Floorspace	Total Number	Average Floorspace
	(000s sq.m)	Units	per unit (sq.m)
East Midlands	11,640	446	26,098
North West	8,475	431	19,662
West Midlands	8,172	415	19,691
Yorkshire/Humber	7,524	348	21,621
East	6,076	299	20,322
South East	4,414	215	20,532
South West	3,220	143	22,520
North East	2,110	91	23,183

London	1,902	127	14,976
Wales	1,540	79	19,489
Total	**55,072**	**2,594**	**21,231**

Source: MDST Warehouse database, derived from VOA Rating List data

4.12 The table shows that the East Midlands region hosts just over 11.6 million sq.m of floorspace across 446 commercial properties. It is the largest region in terms of total floorspace (21% market share). The average floorspace per commercial property in the East Midlands is around 26,100 sq.m, compared with the national average of 21,200 sq.m per unit. The table below shows a breakdown of large-scale warehouse floorspace in the eight local authority areas of Leicestershire. Warehousing activity is clearly focused on NW Leicestershire, Harborough and Hinckley & Bosworth. Leicestershire also accounts for 30% of the regional total.

Table 4.2 Warehouse Floorspace by Leicestershire Local Authority 2023

Local Authority	**Total Floorspace**	**Total Number**
	(000s sq.m)	**Units**
North West Leicestershire	1,333	41
Harborough	1,156	41
Hinckley & Bosworth	440	11
Blaby	219	13
City of Leicester	192	10
Charnwood	92	6
Melton	82	4
Oadby & Wigston	19	1
Total	**3,533**	**127**
East Midlands	**Total Floorspace**	**Total Number**
	(000s sq.m)	**Units**
East Midlands Total	11,640	446
of which Leicestershire	3,533	127
	30%	28%

Source: MDST Warehouse database, derived from VOA Rating List data

4.13 The table below shows the quantum of large-scale logistics floorspace that has been developed at rail-served sites in the East Midlands.

Table 4.3 Rail-served Floorspace Leicestershire and East Midlands

	Total Floorspace	Total Number
	(000s sq.m)	Units
Leicestershire total	**3,533**	**127**
of which Rail-served[1]	593	13
	17%	10%
East Midlands total	**11,640**	**446**
of which Rail-served[2]	1,349	34
	12%	8%

1. East Midlands Gateway and East Midlands Distribution Centre

2. As 1 plus DIRFT

Source: MDST Warehouse database, derived from VOA Rating List data

4.14 Nationally, the stock of large-scale warehouse floorspace grew by 16% (net growth of 7.5 million sq.m) between Q4 2018 and Q4 2023. There has been some significant growth recorded in the East Midlands, West Midlands, East and Yorkshire/Humber. Growth nationally has been driven by a number of factors, including Brexit and Covid (a need to hold higher levels of inventory to maintain supply chain resilience) and the growth of on-line (e-commerce) retailing. These issues were considered in Section 3.

Table 4.4 Warehouse Floorspace by Region 2023 and 2018

		000s sq.m	
Region	**2023**	**2018**	**+/- vs 2018**
East Midlands	11,640	9,022	2,618
North West	8,475	8,150	325
West Midlands	8,172	7,279	893
Yorkshire/Humber	7,524	6,629	895
East	6,076	4,744	1,332
South East	4,414	3,736	679
South West	3,220	2,724	496
North East	2,110	1,703	407
London	1,902	1,992	-90
Wales	1,540	1,545	-5
Total	**55,072**	**47,524**	**7,549**

4.15 Source: MDST Warehouse database, derived from VOA Rating List data

Replacement Build

4.16 Most newly built floorspace is a replacement for existing warehouse stock which is 'life expired'. In many cases, this will be due to functional obsolescence rather than warehouse units being physically obsolete (i.e. many older buildings will be structurally sound). This is particularly the case concerning the growth of e-commerce, where many older buildings cannot accommodate the automated picking/packaging equipment required for on-line sales, or the ability to handle distribution to retail outlets alongside direct to home e-commerce deliveries under the same roof. Many existing retailers have therefore commissioned more modern facilities (to service their e-commerce platforms) which have directly replaced older distribution buildings (e.g. *Marks & Spencer* at East Midlands Distribution Centre). Also, new floorspace has been built for emerging e-commerce only retailers, such as Amazon or ASOS, much of which has effectively replaced floorspace previously operated by 'bricks and mortar' retailers which have gone out of business.

4.17 A second factor is the ability, when compared with 20-30 years ago, to operate much larger distribution buildings. This has been facilitated by advances in modern ICT inventory management systems which have permitted much larger warehouses to be operated more efficiently than was previously the case. As a result, many operators have sought economies of scale through merging operations based at multiple sites to one new location.

4.18 Finally, changing market conditions, both within specific companies/sectors and in the wider economy, means that warehouse operations might need to relocate in order to remain competitive. Occupiers who previously sourced goods from domestic suppliers but now predominantly import from overseas markers via deep-sea ports may seek a new location at a rail-linked site in order to remain competitive.

4.19 Essentially, buildings reach the end of their useful economic life and are no longer suitable for their original designed use; a more modern replacement facility is therefore required. A consequence of this process is that new sites need to be brought forward (or new plots at existing sites) in order to allow occupiers to re-locate to new buildings, thereby releasing the existing facility for refurbishment or demolition.

4.20 In order to estimate the 'replacement build' element to 2051 (i.e. floorspace which will become functionally obsolete or in some cases physically obsolete), the existing stock of large-scale warehousing in the East Midlands and Leicestershire study needs to be considered. This has been undertaken and is detailed in the table below.

4.21 On the basis that the average useful economic life of a modern warehouse building is 30 years, up to 2051 we could expect around 93% of the existing warehouse stock in the areas being considered to require replacement (i.e. 28 years/30 years = 93%). Likewise, up to 2041 and 2046 we could therefore expect around 60% and 77% respectively of the existing warehouse stock to require replacement. This can be considered the 'high replacement build' scenario as we have also considered a position where the rate of replacement begins to slow compared with historical trends. This may extend the useful life to around 40 years. This suggests that around 70% of the existing stock will require replacement up 2051. This can be considered the 'low replacement build' scenario.

4.22 The table below shows the estimated 'replacement build' rates under both scenarios for Leicestershire and the East Midlands region to 2051.

Table 4.5 Future Demand – Replacement of Existing Stock

Existing Floorspace - Leicestershire	3,533	000s sq.m		
Existing Floorspace - East Midlands	11,640	000s sq.m		
	000s sq.m			
	2036	2041	2046	2051
High Replacement				
Replacement build - Leicestershire	1,531	2,120	2,709	3,298
Replacement build - East Midlands	5,044	6,984	8,924	10,864
Low Replacement				
Replacement build - Leicestershire	1,148	1,590	2,032	2,473
Replacement build - East Midlands	3,783	5,238	6,693	8,148
Replacement rate to:	**2036**	**2041**	**2046**	**2051**
High - 30 years	*43%*	*60%*	*77%*	*93%*

Low - 40 years	*33%*	*45%*	*58%*	*70%*

4.23 Source: MDST

Growth Build

4.24 Demand for warehouse floorspace is driven by the need to handle, store and re-distribute cargo. Therefore, future economic growth in the wider economy along with forecast population increases will lead to a growth in the volume of consumer goods handled. This in turn will lead to increasing demand for additional warehouse floorspace. Consequently, new warehouses are constructed partly to accommodate growing traffic volumes over the long term (the 'growth build' element).

4.25 In order to estimate the growth build element two factors need to be considered, namely:

- The current (2023) volume of goods which are delivered directly to large-scale distribution centres in Leicestershire and the East Midlands region (i.e. only including those commodities which pass through large-scale distribution centres, so excluding bulk and semi-bulk cargoes such as aggregates and forest products); and

- Likewise, the volumes of goods that can be expected to be delivered directly to large-scale distribution centres in Leicestershire and the East Midlands region in the forecast years to 2051.

4.26 Both the current and forecast volumes (as described) have been produced using the *MDS Transmodal GB Freight Model*, with the subsequent growth in traffic calculated. The model is an analytical tool which can estimate existing freight flows (by origin-destination, mode, commodity and port of entry/departure for international traffics) and generate forecasts for future years (on the same basis) under different policy and economic scenarios. It has recently been used to generate forecasts for the Network Rail, National Highways and Midlands Connect.

4.27 In 2023, MDS Transmodal produced an updated set of rail freight demand forecasts for Network Rail for the years 2040/41 and 2050/51 (to inform their long-term planning process). We have therefore extracted the relevant rail and road forecast traffic volumes from Scenario 2. These were the TAG-compliant forecasts which broadly correspond to the Government's

long-term rail freight growth target of 75% by 2050. Values for 2036 and 2046 were interpolated from the 2040/41 and 2050/51 outputs.

4.28 The table below shows the total growth in cargo destined for Leicestershire and the East Midlands (for commodities which pass through large-scale warehouses) alongside the proportion estimated to be delivered directly to large scale distribution centres. Based on previous projects, we estimate this to be 45% of total tonnage delivered for road freight, while all inbound containerised rail traffic is assumed to be destined for a large-scale warehouse. The growth in annual traffic (compared with 2023 levels) have subsequently been converted into the need for additional floorspace i.e. the growth build element, using generally accepted 'conversion factors' which relates annual tonnage throughput and floorspace at large scale 'high bay' type warehouses. The table below therefore also shows the additional floorspace required by the forecast traffic growth.

Table 4.6 Traffic Growth to 2041 and 2051 compared with 2023 and Additional Floorspace Required

	Tonnes-lifted (000s)			
	2036	2041	2046	2051
Destination Leicestershire				
Road - to warehouse	1,276	1,767	2,721	3,676
Rail - to warehouse	711	985	1,136	1,286
Total traffic growth v 2023	**1,987**	**2,751**	**3,857**	**4,962**
Additional floorspace (000s sq.m)	*78*	*108*	*152*	*195*
Destination East Midlands				
Road - to warehouse	6,287	8,704	12,255	15,806
Rail - to warehouse	1,186	1,642	2,079	2,516
Total traffic growth v 2023	**7,473**	**10,347**	**14,335**	**18,322**
Additional floorspace (000s sq.m)	*294*	*407*	*564*	*721*

Source: GB Freight Model

Total New-Build and Land Requirements

4.29 By combining the ‘replacement build’ and ‘growth build’ elements, the total warehouse new-build which can be expected by 2051 can be calculated. This is shown in the tables below for the various scenarios.

Table 4.7 Forecast Future Demand – Replacement Demand plus Traffic Growth

Total New Build - High Replacement (000s sq.m)				
	2036	2041	2046	2051
Leicestershire				
Replacement build	1,531	2,120	2,709	3,298
Growth build	78	108	152	195
Total	**1,609**	**2,228**	**2,861**	**3,493**
East Midlands				
Replacement build	5,044	6,984	8,924	10,864
Growth build	294	407	564	721
Total	**5,338**	**7,391**	**9,488**	**11,585**
Total New Build - Low Replacement (000s sq.m)				
	2036	2041	2046	2051
Leicestershire				
Replacement build	1,148	1,590	2,032	2,473
Growth build	78	108	152	195
Total	**1,227**	**1,698**	**2,183**	**2,669**
East Midlands				
Replacement build	3,783	5,238	6,693	8,148
Growth build	294	407	564	721
Total	**4,077**	**5,645**	**7,257**	**8,869**

Source: MDST

4.30 Noting that the MDST model excludes ancillary floorspace such as office (as per para 4.10), a 10% uplift has been applied to the total forecasted needs. Ancillary office space is key modern occupier requirement and an increasing number of logistics occupiers are co-locating their HQ offices with their warehouse operations. This will bring modelled needs in line with the gross completions and net absorption models which rely on the total unit floorspace. The 10% uplift

has been sense checked against recent developments[7]. The table below applies the 10% floorspace uplift.

Table 4.8 Total Forecast Future Demand – 10% uplift

	(000s sq.m)			
	2036	2041	2046	2051
Leicestershire				
High replacement	**1,770**	**2,451**	**3,147**	**3,842**
Low replacement	**1,350**	**1,868**	**2,401**	**2,936**
East Midlands				
High replacement	**5,872**	**8,130**	**10,437**	**12,744**
Low replacement	**4,485**	**6,210**	**7,983**	**9,756**

Source: MDST

4.31 Based on this forecast methodology, for Leicestershire under the 'High Replacement' scenario we can expect a gross new-build of over 3.1 million sq.m to 2046 and up to 3.8 million sq.m up to 2051. Likewise, under the 'Low Replacement' scenario, just over 2.4 million sq.m of gross new-build is forecast up to 2046, rising to 2.9 million sq.m up to 2051. Note that the outputs represent the total quantum of new floorspace which is forecast to be built up to 2051. It is not the 'net change' in floorspace, which planners often consider.

Gross Completions

4.32 Gross completions data provides evidence of new-build development levels – both on new sites as well as the redevelopment of existing employment land. Data for strategic B8 units (over 9,000 sq.m) across L&L has been used and projected forwards.

[7] MPS10 and MPS11 – 9% office floorspace; Hinckley 340 - 10% office floorspace; MPS6 – 10% office floorspace.

4.33 Gross completions data for strategic B8 units for the 12 year period from 2012/13 to 2023/24 has been provided by the Leicestershire local authorities[8]. The previous 2021 study used data for the 2012/13 to 2019/20 period (8 years).

4.34 As the chart below shows, the quantum of B8 floorspace delivered over the 2019-24 period is 2.9 times greater than that over the preceding 5 years. This reflects the effects of the factors described in Section 3.

4.35 The 2012/13-23/24 trend effectively contains two differing growth periods of demand. Low to medium growth from 2012/13 to 2018/19 and high growth from 2019/20 to 2023/24 driven by the e-commerce pandemic boom and Brexit supply chain securitisation.

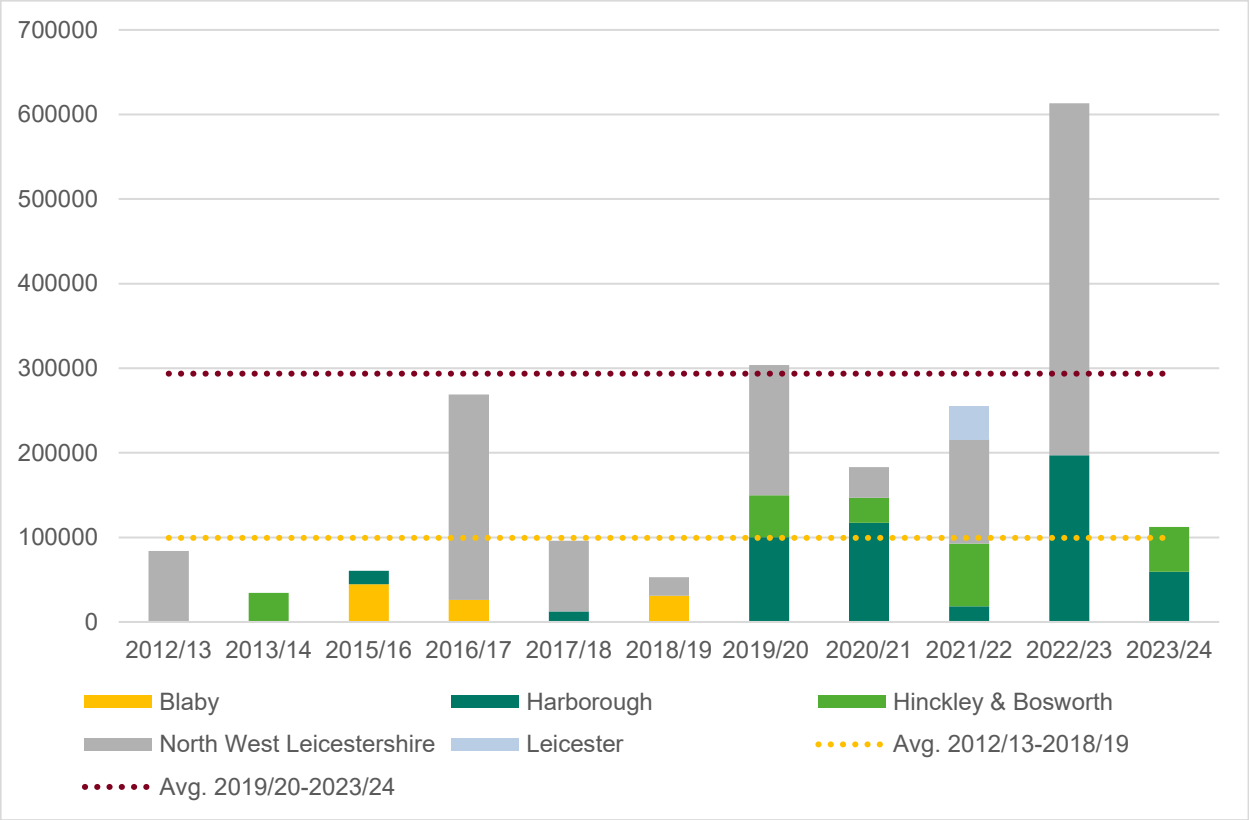
4.36 There has been some weakening of demand since the end of the pandemic due to economic conditions and construction costs, however it is appropriate to assume that demand levels will stabilise, and over the longer-term population growth, changing business functions and shopping habits will continue to support e-commerce and therefore demand for warehouse space.

4.37 It is however unrealistic to expect the exceptional short-term demand spike seen between 2019/20-2022/23 to be replicated given the one-off impacts and associated adjustments to Brexit and Covid-19.

4.38 Using a long-term trend (2012/13-2023/24), in place of the recent higher 5-year trend, smooths the forecasted demand for warehousing. It reflects that there will be steady warehousing growth in the short-term which levels off in later years and reflects the economic cycle that will occur during the study period.

[8] 2023/24 data was supplemented by CoStar data given monitoring data availability and reviewed by local authorities

Figure 4.1 Leicestershire Strategic B8 Completions (sq.m)



Source: Iceni Analysis of Council Monitoring Data and CoStar

4.39 The annualised gross completions trend for the 2012/13 - 2023/24 period has been rolled forward over the 2023-46 forecasting period and a 5-year margin has been applied. Under this gross completions model there is a need of c.5.5 million sq.m.

Table 4.9 Gross Completions Trend Need (2023-46) (sq.m)

	Average annual gross completions (2012/13-23/24)	Rolled Forward (2023-46)	5 year margin	Total
Gross completions (2012-23)	187,700	4,317,500	938,600	**5,526,000**

NB: Rounded to nearest 100

Source: Iceni Analys of Council Monitoring Data

4.40 As a sensitivity, an additional gross completions trend has been run, which replaces the completions of 2022/23 with the average of the 2012/12-2023/24 period (187,700 sq.m). This is to 'smooth' the effect of the particularly large results in that year. It should be noted that planning permission for the majority of the deliveries in 2022/23 (Mercia Park and EMDC) were submitted and granted before the start of the pandemic, indicating that strategic unit demand was anticipated, however delivery was probably accelerated by market conditions.

4.41 The drop off in completions in 2023/24 (and also anticipated to be slower in 2024/25) is likely a reflection of the frontloading of scheme delivery in 2022/23 as well as a potential flattening of demand. In this sense, the sensitivity (which is equivalent to a discount of around 1,353,000 sq.m) is not carried forward as a preferred model.

Table 4.10 Adjusted Gross Completions Trend Need 2023-46 (sq.m)

	Adjusted average annual gross completions (2012/13-23/24)	Rolled Forward (2023-46)	5 year margin	Total
Gross completions (2012-23)	149,000	3,427,000	745,200	**4,173,000**

NB: Rounded to nearest 100

Source: Iceni Analysis of Council Monitoring Data

Net Absorption (Past Take-up)

4.42 The third model considers net absorption. Net absorption reflects changes in the volume of occupied floorspace (move in – move outs), in this case in big box logistics units (> 9,000 sq.m).

4.43 The table below shows the net absorption rates for 2012-24. Between 2012 and 2024 there was an annual average net absorption of 161,000 sq.m. Rolled forward over the forecasting period and including a margin equivalent to 5 years of gross completions, this results in a total floorspace need of 4.6 million sq.m.

Table 4.11 Net Absorption Trend Need (2023-46)

	Average annual net absorption 2012-24	Rolled Forward (2023-46)	5 year margin (gross completions)	Total
Net absorption (2012-24)	161,000	3,703,300	938,600	4,641,900

Source: Iceni analysis of CoStar data (2024)

Considering Supressed Demand Issues

4.44 When there is insufficient supply in the market, demand cannot necessarily be accommodated and there therefore can be potential issues with 'supressed demand' where prospective occupiers are unable to find suitable space. Ongoing supply shortages can deter inward investment and growth or divert it to other locations.

4.45 Using forecast trends for metrics such as completions and net absorption in markets where there has been long term supply shortage can therefore potentially under-estimate future demand, as the 'true' market demand is not reflected in historical trends.

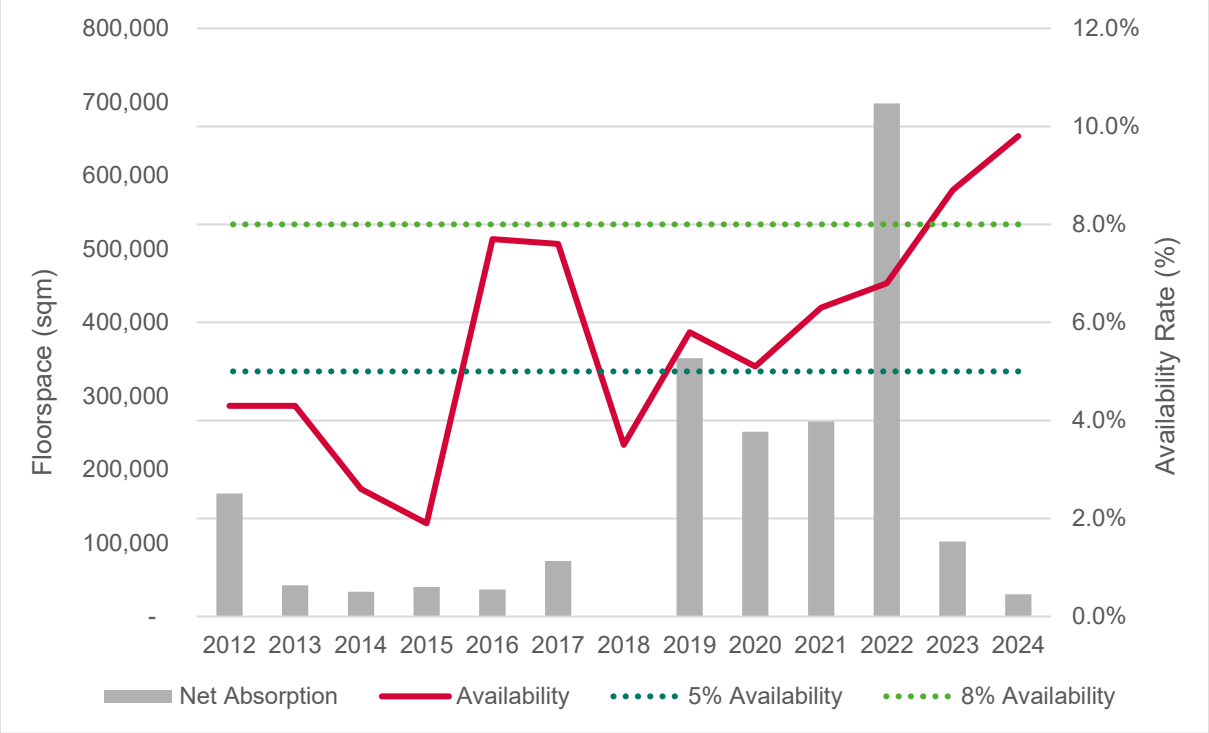
4.46 Issues of suppressed demand are being advanced as an important consideration in forecasting industrial and logistics needs by Savills and the British Property Federation. This is not however identified specifically in current Planning Practice Guidance.

4.47 It is considered that typically a 5-10% availability level is needed for a healthy property market, to allow for occupiers to move into the market and existing occupiers to find new space or expand. However for strategic units, an optimum availability may run lower than the 7.5% mid-point, reflecting the scale of cost of development and risk associated with oversupply in the big box segment.

4.48 The figure below shows the historic availability rate (space advertised rather than vacant) and net absorption. The graph indicates that for periods of lower availability there were lower rates of net absorption, signalling that demand may have been supressed. It shows that since 2012

the availability rate was below 8% until 2022 and for some periods (2013-15, 2018) availability has been below 5%. We would note that since 2019, availability has exceeded 5%. It is also notable that in 2023 and 2024, whilst availability was strong, take-up was low, reflecting the influence of macro-economic factors on demand.

Figure 4.2 Leicestershire Strategic B8 Floorspace Net Absorption and Availability



Source: CoStar 2025

4.49 The 'suppressed demand' model developed by Savills 'tops up' historic take up to where it would have been with 8% availability in the past. Whilst the model is not established in Planning Practice Guidance, and has not been used in the preparation of Plan evidence, it is considered useful as a sensitivity scenario where the market appears to have been consistently suppressed over a number of years. It does assume that the market would have behaved differently with more availability, which may not necessarily be the case. In the context of strategic B8, the supressed demand should be considered at a scale which reflects the market area that occupiers consider.

4.50 For the purpose of this report, the suppressed demand sensitivity has been run at a Leicestershire-wide level, however in reality occupiers unable to find an available unit in Leicestershire may consider the wider Golden Triangle market into the West Midlands, particularly given the physical relationship for example of south Leicestershire – Magna Park – and the M6 corridor through Rugby and Coventry. Caution should therefore be exercised with this sensitivity as the smaller the geographical area considered, the higher the risk that the results are skewed.

4.51 Savills' preference for the availability 'target' is 8%. This is generally reasonable however for strategic B8 units only (rather than the whole industrial market) this 8% may be optimistic, partly as build to suit rather than speculative build is more common for very large units. This leads to typically lower vacancy and potentially lower availability depending on marketing and pre-let strategies. The costs to developers of over supplying the market for new build is more acute than for smaller / mid box units due to scale. As a result, both a 5% and 8% suppressed demand scenario have been run as a sensitivity in this model.

4.52 The table below shows the results. The details of the suppressed demand calculation are set out in Appendix A2. The supressed demand adjustment is applied to the net absorption model, however no 5-year margin is applied as the supressed demand adjustment captures future flexibility in the market through additional supply. These models indicate a need of 5.1 million sq.m under the 8% adjustment and 4.0 million sq.m under the 5% adjustment.

Table 4.12 Suppressed demand adjustment

	Average Suppressed Demand	Supressed Demand (2023-46)	Need (2023-46): Net Absorption + Suppressed Demand
Supressed Demand @ 8%	59,400	1,366,300	5,069,600
Supressed Demand @ 5%	14,300	328,400	4,031,700

Source: Iceni analysis of CoStar data, Savills methodology

Replacement on Existing Sites

4.53 The above models consider gross demand for new-build development, where replacement of obsolete stock is a key demand driver. However, inevitably some future development to 2046 is likely to take place on existing brownfield sites; and in particular there is potential for recycling of large plots on well-located sites – which may have an older warehouse now, but where in situ redevelopment could occur to deliver modern B8 floorspace.

4.54 Indeed an important component of demand for strategic units is driven by the need to replace older stock. The MDST traffic growth and replacement models have a high replacement (30 years) and low replacement (40 years) scenario.

4.55 Taking a mid-point of these replacement scenarios (35 years), it is therefore assumed that units built pre-2010 in Leicester and Leicestershire will become obsolete and need replacing during the forecasting period. The 2021 Study relied on a high replacement scenario, which requires replacement of pre-2006 stock and so this assumption remains broadly in line but recognises that as a greater proportion of stock is increasingly newer, it will be built to more sustainable standards that should last for longer.

4.56 Where strategic units are in optimum locations (on existing logistics sites with strong strategic road network access), this demand can potentially be satisfied in part through the redevelopment of sites to provide for new-build development.

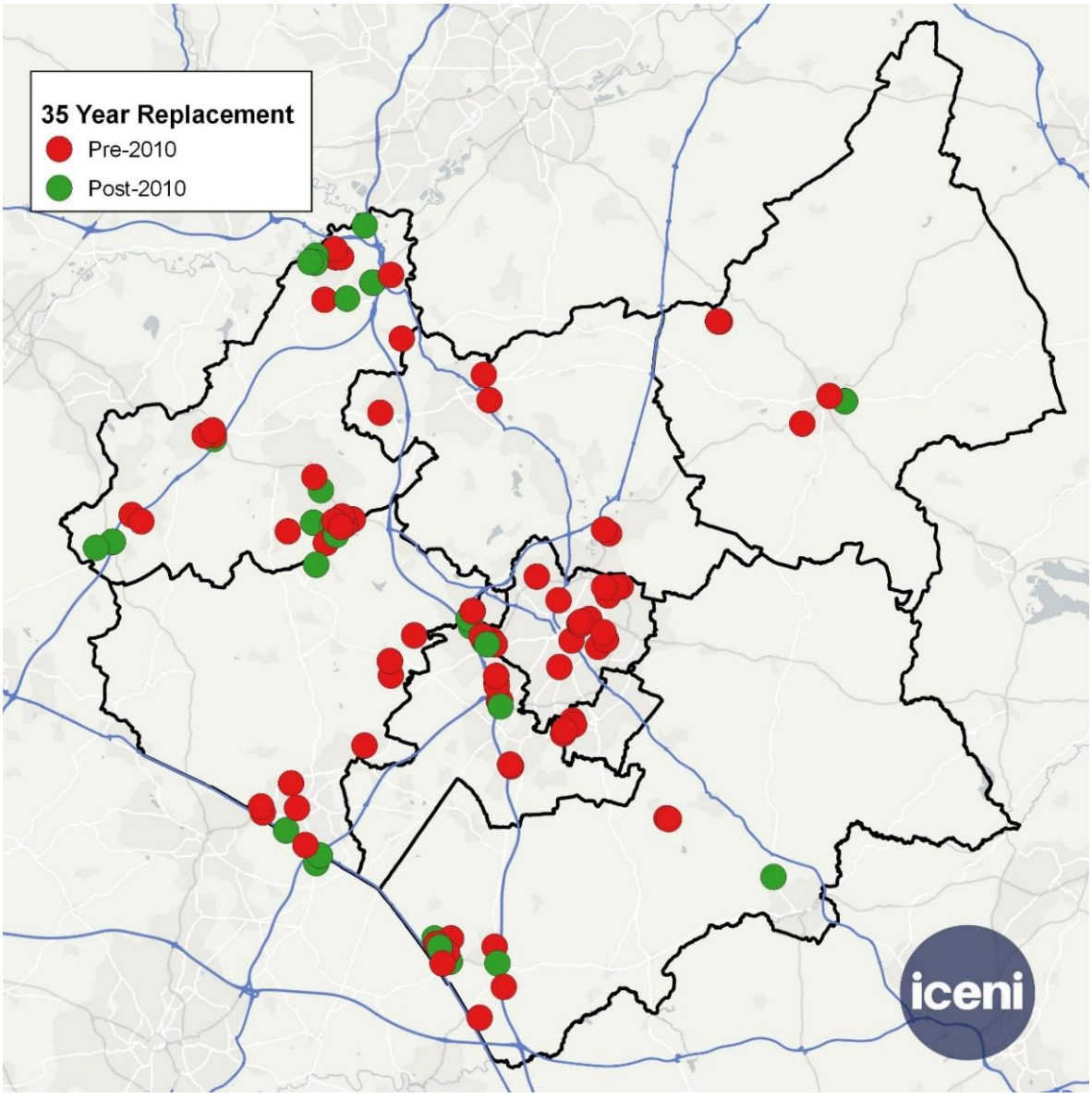
4.57 In this light, it is not appropriate to assume that all need forecasted under the gross completions model will need to be accommodated on new greenfield sites, nor would that be consistent with the NPPF. It is quite reasonable to expect that some plots may support redevelopment to deliver modern big box space to 2046. The NPPF in Para 126 emphasises that as much use as possible should be made of brownfield or previously developed land in accommodating development needs. Whilst examples of this in Leicestershire are limited at present, there are many examples of (and opportunities for[9]) extensive refurbishment of older stock in optimum

[9] https://www.cbre.com/insights/briefs/availability-of-older-bulk-warehouses-presents-renovation-opportunities

locations, however this is not monitored by planning authorities. Over the next decade and notably beyond 2030, more certainty regarding in situ redevelopment is anticipated.

4.58 The map below shows the location of strategic stock across L&L at a postcode level. Pre-2010 units that are assumed will need replacing within the forecasting period are highlighted red.

Figure 4.3 Pre-2010 and Post-2010 Strategic Stock

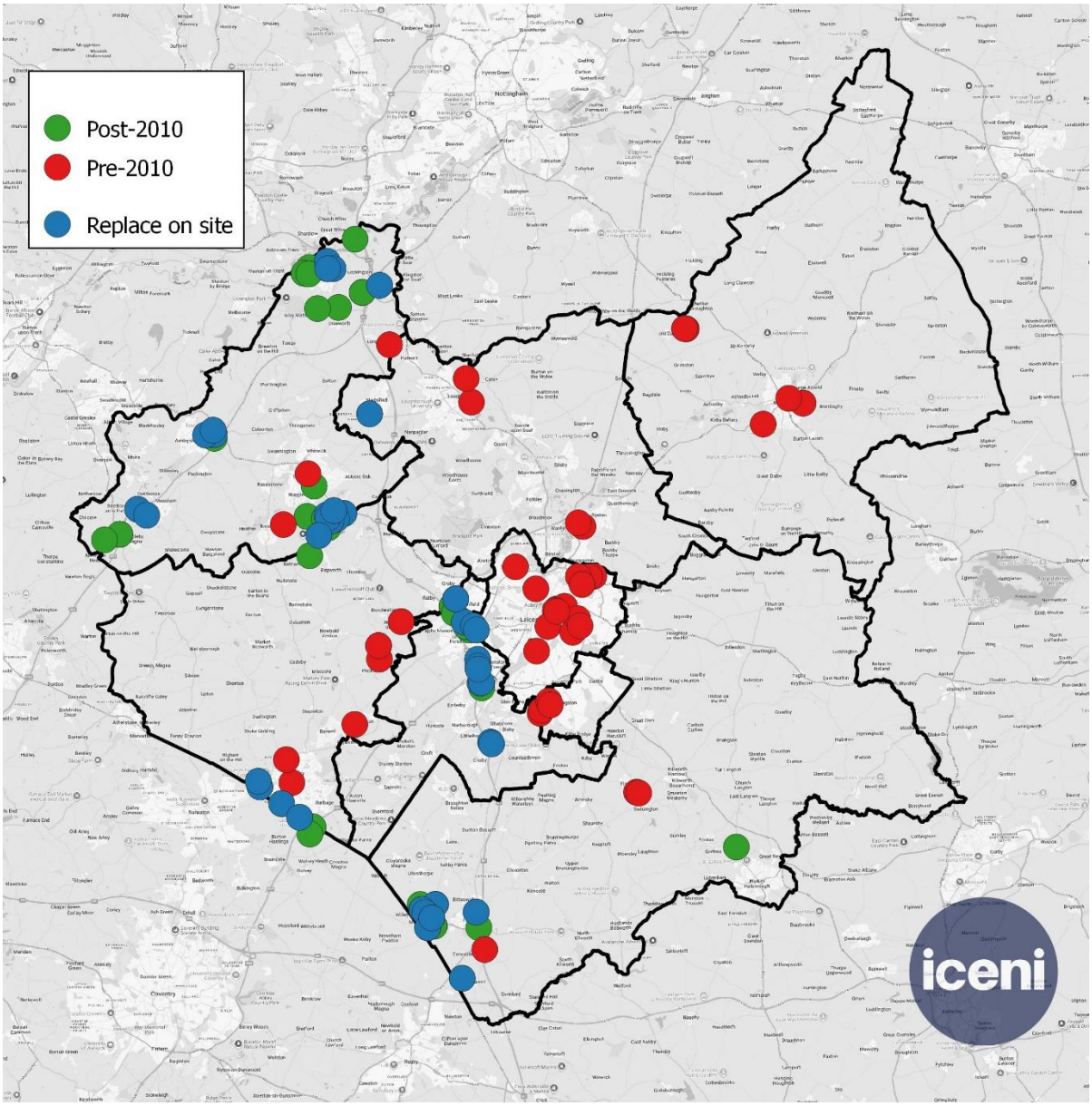


Source: Iceni analysis of CoStar data 2025

4.59 Not all older units will be replaced in-situ, not least due to some being in sub-optimal locations. For instance, Leicester has a significant proportion of aging stock within the urban area. In reality, these units are unlikely to be replaced on site by further strategic B8 development.

4.60 Iceni has identified indicatively the units that could be replaced on site as the site is optimally located on a strategic logistics site or has good access to the strategic road network – this primarily includes East Midlands Gateway, Magna Park in Lutterworth, Bardon Hill or units within a 5-minute catchment of the M1, A42 and A5. These locations are shown in blue below.

Figure 4.4 Pre-2010 Strategic Units – On-site Replacement



Source: Iceni Projects analysis

4.61 The table below shows that 2.6 million sq.m of strategic unit stock is dated pre-2010 and will become obsolete by the end of the forecasting period and therefore need replacing. This is equivalent to 52% of total stock across Leicestershire. Of the pre-2010 stock, 1.7 million sq.m

is located in an optimum location and can be replaced on site – this is equivalent to 33.1% of total stock and 64.2% of pre-2010 stock.

Table 4.13 Forecasted Replacement Rate of Strategic Units

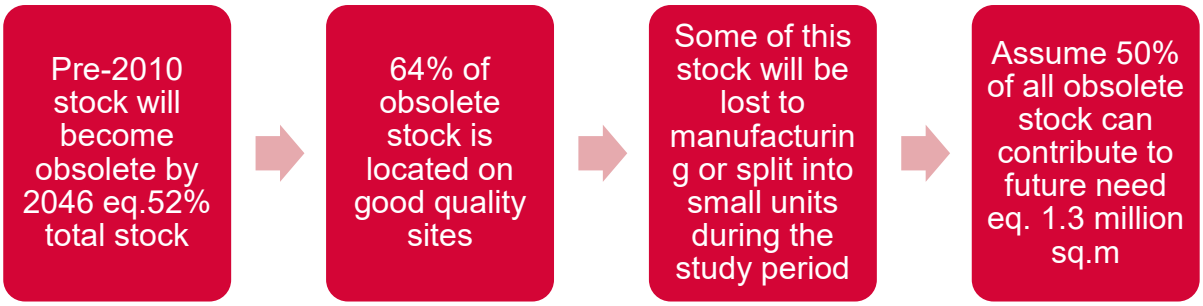
	Total Stock	Pre-2010 Stock	Replaced on site	
			Floorspace	% pre-2010 stock
Floorspace	4,995,500	2,574,400	1,652,000	64.2%
% Total Stock		51.5%	33.1%	

Source: Iceni Analysis of CoStar data (2025)

4.62 However some stock on good quality / optimum sites may be redeveloped for manufacturing /other uses; or split down into smaller units rather than being replaced for strategic logistics units in situ; whilst some redevelopment may take at lower plot ratios than existing. **We have therefore adjusted downwards the contribution to supply from recycling of existing sites on this basis as a reasonable but cautious allowance and assume that the floorspace yield is equivalent to 50% of pre-2010 stock.** This is equivalent to **1,286,600 sq.m**. This can be netted off from the overall need figure as a brownfield supply component.

4.63 The process of this adjustment is shown in the figure below. It is necessary to take this into account in particular in considering the gross completions projection and the traffic growth and replacement model. The adjustment is not applied to the net absorption models as these intrinsically capture the replacement of older stock due to being a net trend (move ins – moves outs).

Figure 4.5 Site Recycling Methodology



Bringing the Strategic Unit Needs Evidence Together

4.64 Table 4.14 summarises the needs forecasted by all of the models. The floorspace requirements are inclusively of ancillary uses within strategic B8 units such as office floorspace. A margin equivalent to 5 years average gross completions has been applied to all models except the suppressed demand models, where the suppressed demand component plays the role of a margin. The brownfield land recycling adjustment has also been applied to the gross completions and traffic growth and replacement model.

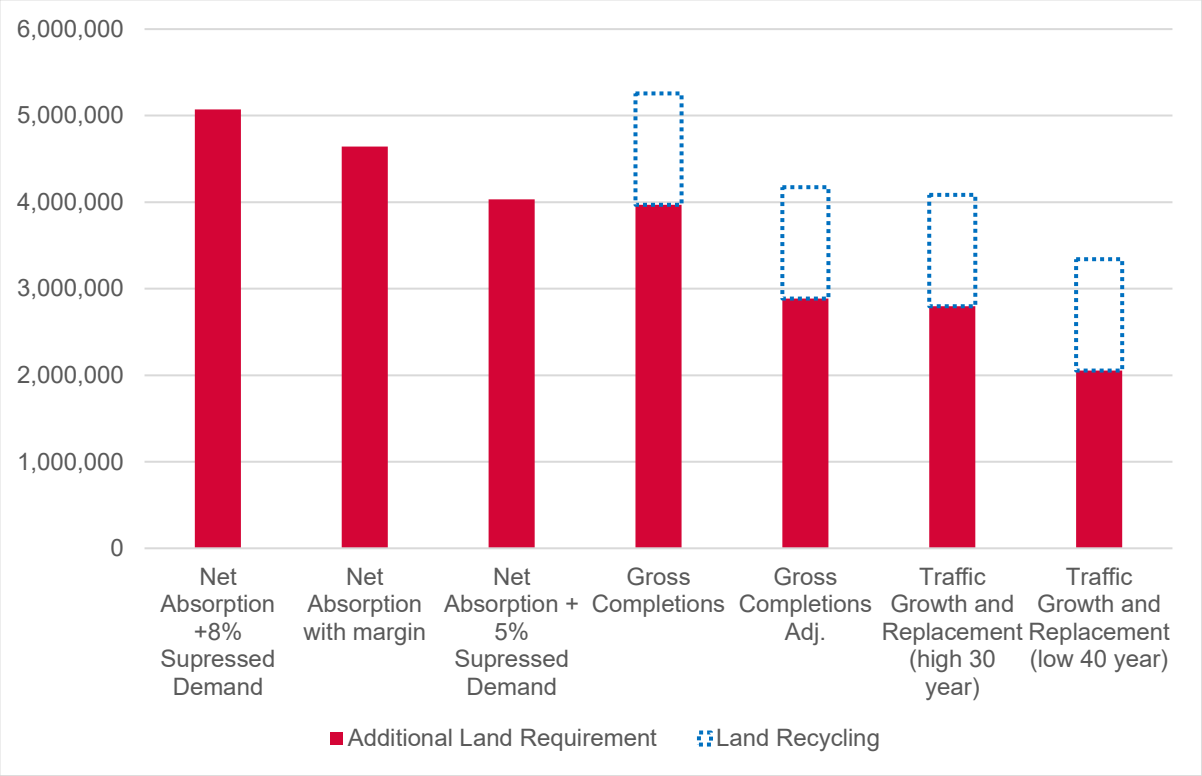
Table 4.14 Overall Need Scenarios (2023-46)

	Need (2023-46) sq.m	Gross Need incl. margin sq.m	Land Recycling	Additional Floorspace Required (2023-46)
Traffic Growth and Replacement (high 30 year)	3,147,100	4,085,700	-1,286,600	**2,799,100**
Traffic Growth and Replacement (low 40 year)	2,401,300	3,339,900	-1,286,600	**2,053,300**
Gross Completions	4,317,500	5,256,000	-1,286,600	**3,969,400**
Gross Completions Adj.	3,427,800	4,173,000	-1,286,600	**2,886,400**
Net Absorption with margin	3,703,300	4,642,000	0	4,642,000
Net Absorption +8% Supressed Demand	5,070,000	5,070,000		5,070,000
Net Absorption + 5% Supressed Demand	4,032,000	4,032,000		4,032,000

4.65 Source: Iceni Analysis of council monitoring data, CoStar, MDST

4.66 The figure below shows the additional floorspace requirement by each model, illustrating the gross need that is met through recycling of brownfield sites.

Figure 4.6 Additional Land Requirement Summary (sq.m)



Source: Iceni Analysis of council monitoring data, CoStar, MDST

4.67 **Traffic growth and replacement space** models produce the lowest need and are outstripped by market facing models. In part this may be due to an exclusion of ancillary space in the model (despite adjustment), reducing outputs by 10-20%. Overall, Iceni considers that market-based models are more likely to represent future needs, taking into account dynamic changes in business operations, premises needs and the strength of demand in this nationally important location.

4.68 **The gross completions model** has historically aligned more closely with the traffic growth and replacement demand model, however completions are now increasing above this model regardless of recycling assumptions.

4.69 **Net absorption** models have been considered with varying rates of suppressed demand. The suppressed demand considers how absorption (space occupied) may have performed differently with greater levels of historic space availability. Absorption adjusted for 5% suppressed demand falls below completion rates, or in line with completions after accounting for recycling. At 8% the highest level of need is generated.

4.70 Incorporated in the completions and traffic growth and replacement models is a **land recycling component.** Taking a practical approach to best use of land, reflecting the NPPF (chapter 11), the recycling of optimally placed sites is expected to become an opportunity over the next twenty years.

4.71 Overall, it is recommended that the **gross completions model including recycling** is used for strategic planning. This is because:

- The lower range of the replacement demand models do not align well to market signals, whilst there is uncertainty regarding the market equilibrium inputs from the highest suppressed demand models
- The preferred model broadly aligns with the suppressed demand at 5% model and is a model outcome that is broadly in the centre of all ranges provides a balanced position.
- The preferred model also allows for acknowledgement that COVID-19 period deliveries have been much heightened, but that the market has cooled subsequently.

- It includes a land recycling component, taking a practical approach to best use of land, reflecting the NPPF (chapter 11).

4.72 Overall, this preferred model indicates that there is a need for **3,969,400 sq.m** of net additional floorspace for strategic B8 development over the 23-year forecast period. For reference the 2021 study forecasted a need of 2,571,000 sq.m for a 21-year period (2020-41). The higher need reflects the structural shift in the logistics market (as discussed in section 3) that has occurred since the 2021 study was completed.

Rail-Served Requirement

4.73 As presented in table 4.3, around 17% of Leicestershire's floorspace capacity is currently located at a rail-served site (East Midlands Gateway and EMDC). This is ahead of both the national and regional position. The national rail freight demand forecasts undertaken for Network Rail (as described) assumed that a much higher percentage would locate at a rail-served site (Strategic Rail Freight Interchanges or SRFIs). This was understood to be broadly in-line with recent planning consents in England and Wales for large scale warehousing at the time the forecasts were produced. Further, the planning system should now be making provision for a much greater proportion of future large scale new-build to locate at rail-served sites across the region over the medium-long term. This is due to the following reasons:

1. National planning policy, principally the NPPF and the National Planning Statement for National Networks, clearly expects large scale freight developments to be built at locations which have access to the railway network. The NPS also concludes that there is a 'a compelling need for an expanded network of SRFIs'

2. The large growth rates that are forecast for intermodal rail freight, particularly on flows from the deep-sea ports to the English Midlands and north of England, and the Government's long-term target for at least 75% growth (all rail freight) up to 2050.

3. The ability to access cost competitive rail freight services is becoming a key commercial requirement of the logistics industry, particularly for medium-longer distance trunk hauls between ports, NDCs and RDCs.

4. The de-carbonising agenda and the long-term need to de-carbonise road and rail freight is becoming a key issue for the sector. While the increasing use of rail freight has to date been driven by cost, this will become the key driving factor going forward. The development of competitive rail-linked strategic distribution sites is likely to be a crucial component in meeting this requirement.

4.74 The 2021 Study recommended that 43% of strategic unit need should be rail-served, with the remaining 57% being met on road-served sites. This was derived as a mid-point between 26% (the National Rail 2018 forecasts[10] of rail-served new-build warehousing) and 60% (the proportion of East Midlands stock over 250,000 sq.ft / 23,200 sq.m).

4.75 MDS Transmodal have recommended three scenarios for consideration for rail served-demand in Leicestershire:

- 17% - existing rail-served floorspace capacity in Leicestershire
- 34% - double the existing rail-served floorspace capacity in Leicestershire
- 64% - floorspace in units over 25,000 sq.m in East Midlands

4.76 Applying a rail-served target to the future strategic B8 requirement is a policy-on approach and therefore the optimal scenario applied is a policy judgement.

4.77 For this study it is recommended that **34% rail-served scenario** should be met, a reduction from the 2021 Study target of 43%. This proportion is still significantly above the National Rail 26% forecast but reflects that the higher scenario should not be pursued given that a significant amount of rail-served capacity has been recently delivered at East Midlands Gateway and East Midlands Distribution Centre. The table below splits the recommended strategic unit need derived by the completions model.

[10] https://www.networkrail.co.uk/wp-content/uploads/2019/08/Rail-freight-forecasts-scenarios-for-2033-and-2043.pdf

Table 4.15 Road-Rail Split of Future Strategic Unit Requirements (2023-46)

	Rail – 34%	Road – 66%	Total
Floorspace (sq.m)	1,349,600	2,619,800	3,969,400

4.78 Source: MDST, Iceni analysis, local authority monitoring

SRFIs and Satellite Sites

4.79 The transfer of intermodal units (e.g. maritime containers) to and from distribution centres is a key operational feature of an intermodal terminal. The precise method and the associated costs will vary depending on whether the warehouse is within the same estate as the intermodal terminal (i.e. within the SRFI) or is located 'off-site' and accessed using the public highway network. This ultimately has an impact on the commercial attractiveness of rail freight, particularly in the context of the promotion of so-called satellite sites in local planning. These satellite sites are new B8 schemes located outside of an existing SRFI estate (where all plots are occupied and which will have reached its maximum expansion potential) but are in close proximity and able to take advantage of intermodal train services operating to/from the rail terminal.

4.80 Where warehouses are located within close proximity to an intermodal terminal and are connected by 'internal' estate roads which tend to be privately owned (e.g. at a port or SRFI such as East Midlands Gateway), containers are often transferred via short distance shunting movements using yard tractors (aka 'tugs') and skeletal semi-trailer equipment. Yard tractors are designed to haul semi-trailers away from the public road network, they are highly manoeuvrable and can lift/drop trailers quickly and efficiently.

4.81 Internal shunting operations within SRFIs would most likely adopt the 'drop trailer' method of operation. A loaded container on a skeletal semi-trailer would be shunted from the rail terminal to its destination warehouse, and positioned at the appropriate loading dock. The yard tractor would then 'drop' the container/semi-trailer combination at the loading dock for discharge, and subsequently collect an empty container/semi-trailer combination, ideally from another loading dock or nearby warehouse, before returning to the rail terminal. The yard tractor therefore

'keeps moving' and a round-trip out from and back to the rail terminal is able to shunt two containers.

4.82 However, where the warehouse is located 'off-site' and accessed using the public highway network, in normal circumstances road-legal tractor units (driven by qualified drivers) hauling skeletal semi-trailers have to be utilised. Such an operation would normally see a road haulier collect a container unit from the rail terminal and transport it to the destination warehouse. The vehicle and driver will then wait with the container at the loading dock while it is discharged before returning it to the terminal (or repositioning for reloading with export traffic). When compared with yard tractors within a SRFI, the terminal to off-site warehouse transfer process (say East Midlands Gateway to the Leicester area) has the following disadvantages:

- Drivers need to possess a full (Class C+E) HGV drivers' licence (yard tractors on private land can be driven by un-licenced operatives). Due to shortages and recruitment issues for fully qualified drivers, wage rates are significantly higher;
- Road-legal HGV equipment is more expensive to purchase or lease when compared with yard tractors;
- The process of waiting for the container to be discharged means the equipment is utilised less intensively when compared with yard tractors; and
- Buffer time has to be built into schedules to ensure 'just-in-time' delivery time-windows (which again reduces productivity)

4.83 Taken together, these attract additional costs when compared with an internal 'drop trailer' operation. While yard tractors (as described) have been designed to haul semi-trailers on private land, under limited circumstances they can also be operated on the public highway (defined as roads maintained at public expense). In these situations, they are classed as 'works trucks'. When operated on the public highway, a works truck needs to be licenced with the DVLA and pay Vehicle Excise Duty (VED).

4.84 To benefit fully from being **rail-served** new warehouse schemes should ideally be located within SRFIs (either new SRFIs or the expansion of existing facilities), or at satellite sites which

can be within the ‘immediate neighbourhood’ and have the ability to utilise works trucks. However, satellite sites slightly further afield could also benefit (say up to 15km round-trip) on the basis that the more efficient ‘drop-trailer’ operating method could be adopted. This is likely to be ideal for battery-electric HGVs given their need for ‘top-up’ charging. The key caveat is that the existing SRFI (which the satellite site feeds from) has a rail terminal already handling daily trains from a number of origins (including the deep-sea container ports) and spare capacity for growth.

4.85 The 2021 Study split the strategic B8 floorspace requirement between road-served and rail-served requirements. Previously rail-served floorspace referred explicitly to units located on a site with a railhead, however within this report rail-served includes units on **sites with a railhead, sites with internal link roads and sites within a 5-mile drive distance from an existing railhead**. This captures the ability for a battery-electric HGV to complete a round-trip of 15km (9.3 miles).

Meeting the Rail-Served Need

4.86 In order to the meet the rail-served need, the below options should be prioritised as such:

- Extension of existing rail-served sites (EMG);
- Delivery of a new SRFI location;
- Satellite sites within a 5-mile drive distance.

4.87 When considering the delivery of a new SRFI location, the 2021 warehousing study AOs include two corridors with rail potential outside of East Midlands Gateway, broadly being:

- AO1 between Leicester and Hinckley, essentially following the M69 and Leicester-Nuneaton train line (F2N Felixstowe to Nuneaton) transport corridors and part of M1; and
- AO2 – between Syston and Ratcliffe-on-Soar, broadly following the A6 and Midland Main Line (MML) as well as part of F2N route.

4.88 Neither of these AOs have railhead access at present and there are no alternative sites other than Hinckley NRFI. Whilst the DCO application at Hinckley NRFI was refused, it should not be dismissed as a potential SRFI location within this study.

4.89 It is outside of the scope of this study to provide a detailed assessment of potential alternative SRFI locations in Leicester and Leicestershire. However, the following high-level issues are identified and broadly considered here regarding the two identified AO corridors and their ability to provide rail head access:

1. That the rail network should have capacity for freight trains;
2. That environmental constraints should not restrict the development potential;
3. The road / rail routes are in close proximity, recognising that any rail head needs to be accessible by suitable roadway;
4. That a potential railhead is reasonably accessible to the strategic road network (SRN);
5. That the business case for the RFI is likely to be achievable, in terms of being at least c.20 miles drive from an existing RFI.

4.90 Regarding (1) the 2021 warehousing report indicates that AO2 (A6), as previously identified in the 2016 report, was effectively predicated on the MML loading gauge being upgraded as it is currently not suitable to carry freight. The report notes that “Most of the works planned have effectively been delayed indefinitely with no timescale for development or delivery” (Table 2) and that “the Key Area of Opportunity B (Midland Main Line North corridor) identified in the SDS was effectively predicated on the MML loading gauge upgrade”. This Key Area of Opportunity B was later renamed as AO2 being the A6 route. Overall, this indicates that for the foreseeable future, only the rail spur running north east at Syston is achievable for freight rather than that running north west along the A6. **Effectively, a SRFI at AO2 is not viable at this time**.

4.91 Separately, it is also recognised that as part of the HNRFI DCO application an alternative site assessment was undertaken[11]. That is not relied upon here, but it is of note that sites assessed only follow the F2N route i.e. the rail spur running northeast at Syston. Notwithstanding the outcomes of that assessment, which concludes that the HNRFI location is preferred, it does suggest that opportunities could be explored east of Syston (not currently an AO).

Table 4.16 Considerations for RFI opportunities

	AO1 M69 / Leicester-Nuneaton train line	AO2 A6 / Midland Main Line
Rail network suitability	Suitable.	Suitable only in relation to F2N not MML i.e. not along A6 parallel route but potentially A46/A607 spur.
Landscape constraint influences	Relatively unconstrainted.	Flood risk along much of the River Soar, less constrained south / east of Sileby. Flood risk around Syston following River Wreake running towards Melton.
Road / rail proximity	Other than M69 north of J2, rail line has reasonable proximity to M69 at Potters Marston but no M69 junction, then crosses B4114 west of Narborough; and M1 at Narborough / Littlethorpe although no M1 motorway junction access.	MML rail line has reasonable proximity to A6 (MRN) albeit separated by River Soar. Also nears A46 / A607 around Sileby. F2N crosses A607 nr Syston and parallels A607 towards Melton.
SRN accessibility	M1 has national connectivity as does M69 via M1 / M6.	A46 is SRN, A6 / A607 MRN. A46 provides a north / south link although south connection to M1 is relatively constrained via Hobby Horse roundabout.
Other RFI proximity	Located between EMG and DIRFT, suggests viable business location.	Within EMG catchment, less certainty on business case.

4.92 Taking into account the above, based on an initial assessment**, it is unlikely that alternative SRFI locations are readily achievable as alternate locations to Hinckley NRFI**. Other locations are not wholly ruled out but may be suboptimal or require significant infrastructure

[11] HINCKLEY NATIONAL RAIL FREIGHT INTERCHANGE: Environmental Statement, Volume 1: Main Statement, Chapter 4: Site selection and evolution, Document reference: 6.1.4

works. Further examination of alternative sites and market engagement / call for sites is outside of this study's scope.

4.93 The potential to extend existing rail-served sites and the provision of satellite sites is explored in more detail within the apportionment approach in Section 7.

5. SUPPLY-DEMAND BALANCE

5.1 In this section, we turn to consider the supply of strategic B8 floorspace which includes completions since April 2023, given the start of the forecast period and extant employment commitments as of April 2024.

5.2 The identified supply is netted from the identified floorspace requirement identified in the previous section to provide a residual need position.

Strategic B8 Supply

Completions 2023/24

5.3 The table below summarises the strategic unit completions in Leicestershire in the 2023/24 monitoring year by district / borough and area of opportunity. There was a total of 112,500 sq.m of floorspace completed across Leicestershire, concentrated in Harborough / AO6 at Magna Park South and within Hinckley & Bosworth at Griffen Park (Desford - Other) and Burbage (AO1).

Table 5.1 Strategic Unit Completions 2023/24

Local Authority		Area of Opportunity	
District / Borough	**Floorspace Completed (sq.m)**	**Area of Opportunity**	**Floorspace Completed (sq.m)**
Hinckley & Bosworth	53,194	AO1	31,666
North West Leicestershire	0	AO2	
Harborough	59,342	AO3	
Blaby	0	AO4	
Charnwood	0	AO5	
Leicester	0	AO6	59,342
Melton	0	Other	21,528
Oadby & Wigston	0		
Total	**112,536**	**Total**	**112,536**

Extant Commitments

5.4 The table below summarises the strategic unit commitments in Leicestershire, as of April 2024, by district / borough and area of opportunity. The full list of commitments can be found in Appendix 3.

5.5 There is a total of 797,654 sq.m of strategic unit floorspace committed in Leicestershire, with the majority concentrated in Hinckley & Bosworth, North West Leicestershire and Harborough and to a lesser extent Blaby. There are no commitments in Charnwood, Leicester, Melton or Oadby & Wigston.

5.6 In terms of the areas of opportunity, AO4 and AO6 contain the most committed floorspace, reflecting commitments at Magna Park and around East Midlands Airport.

5.7 There is 184,600 sq.m of floorspace committed outside of the areas of opportunity at Desford and Nailstone Colliery. This reflects that during the peak levels of demand post-2021 sites were emerging in sub-optimal locations (+5 minute drive time from SRN) outside of the areas of opportunity in order to keep up with market demand.

Table 5.2 Strategic Unit Commitments by District / Borough and Area of Opportunity

Local Authority		Area of Opportunity	
District / Borough	**Floorspace Committed (sq.m)**	**Area of Opportunity**	**Floorspace Committed (sq.m)**
Hinckley & Bosworth	273,767	**AO1**	0
North West Leicestershire	221,102	**AO2**	0
Harborough	197,696	**AO3**	138,600
Blaby	105,089	**AO4**	194,289
Charnwood	0	**AO5**	82,502
Leicester	0	**AO6**	197,696
Melton	0	**Other**	184,567
Oadby & Wigston	0		
Total	**797,654**	**Total**	**797,654**

Source: Iceni analysis of Local Authority Monitoring 2023/24

Supply-Demand Balance

5.8 The table below summarises the rail and road-served future strategic unit requirements derived by the recommended gross completions model and nets off the identified supply. There is a residual balance of 3,059,200 sq.m of which 1,249,600 sq.m is rail-served need and 1,709,600 sq.m is road-served.

Table 5.3 Supply-Demand Balance (2023-46) (sq.m)

	Rail-Served	Road-Served	Total
Gross Need		5,256,000	
Land Recycling		-1,286,600	
Additional Floorspace Required	1,349,600	2,619,800	3,969,400
Completions 2023/24	0	112,500	112,500
Commitments April 2024	0	797,700	797,700
Balance	1,349,600	1,709,600	3,059,200

5.9 Source: Iceni analysis of local authority monitoring

Phasing of Need

5.10 The total need after accounting for brownfield land recycling (3,969,400 sq.m) has been phased equally over the forecast period. The per annum need for net additional floorspace is 172,600 sq.m.

5.11 In reality, 2023/24 completions and existing commitments total 910,200 sq.m and will meet the need up to 2028. New identified locations will need to come forward to meet the need from 2028 onwards.

Table 5.4 Phasing of Need

	2023-28	2028-33	2033-38	2038-43	2043-46
Floorspace (sq.m)	862,900	862,900	862,900	862,900	517,800

Source: Iceni analysis

6. BROAD LOCATION IDENTIFICATION AND ASSESSMENT

6.1 This section sets out the approach taken to identifying and assessing potential broad locations, summarised below.

6.2 **Areas of Opportunity (AOs)** (as defined in the 2021 study) are considered too large to be used in any meaningful assessment or comparison. As a result, there is a need to consider locational opportunities within the AOs and then draw conclusions back to the Area of Opportunity and District / Borough level.

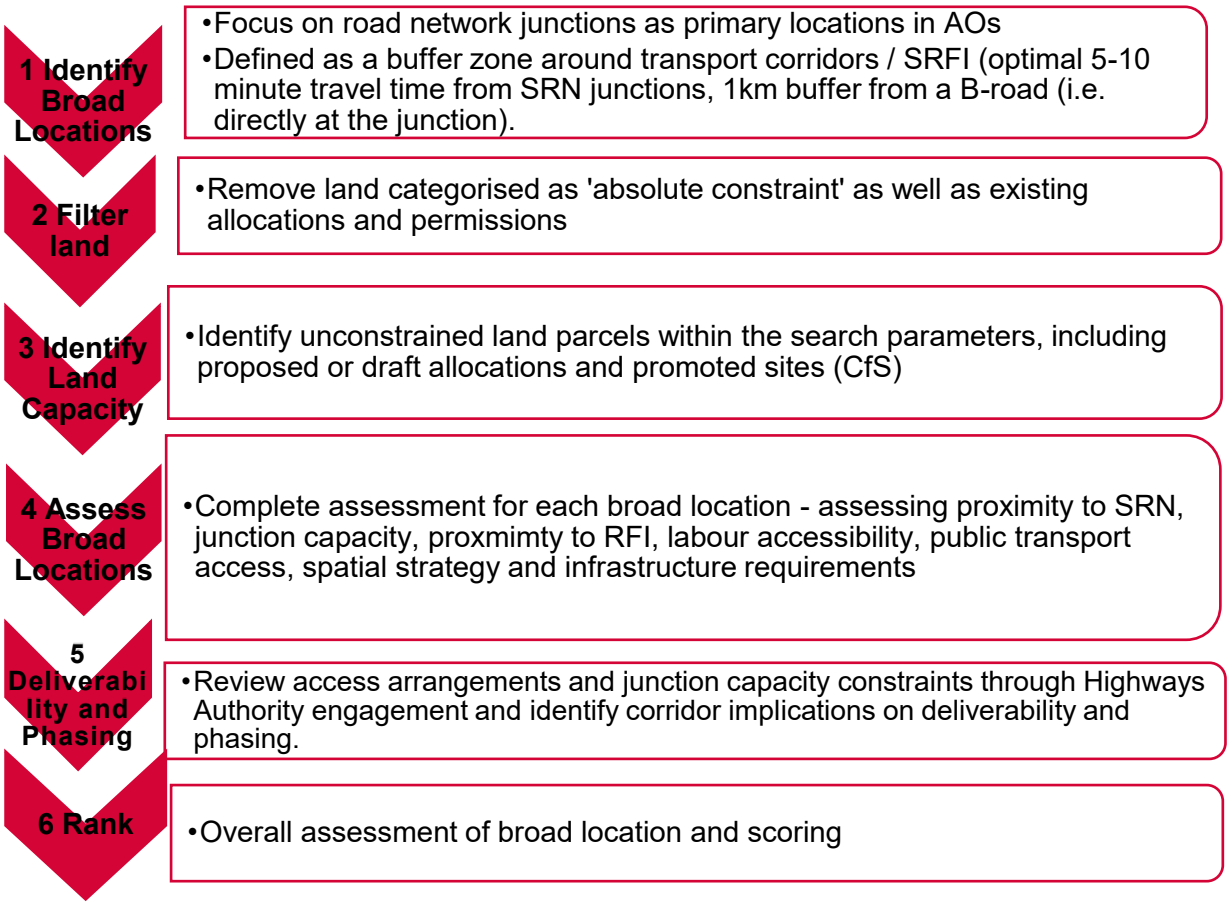
6.3 For road-based opportunities**, broad locations** have been identified with good transport links, characterised by junctions at motorway / A road locations. These are preferable broad locations which could accommodate 25 ha+ allowing for viable development and infrastructure delivery.

6.4 The indicative scope of potential growth is informed by Iceni identified land parcels at suitable broad locations and are supplemented by inclusion of LPA draft allocations and sites promoted through the call for sites, or other means. Some of these individual sites fall below the site size threshold.

6.5 All broad locations have then been tested for their relative suitability on a range of criteria.

6.6 For rail based opportunities, the approach considers broad locations where there are opportunities for expansion at / within close proximity of existing rail terminals and then high level broad locations for alternative SRFIs in the study area.

Figure 6.1: Broad Location Identification and Assessment

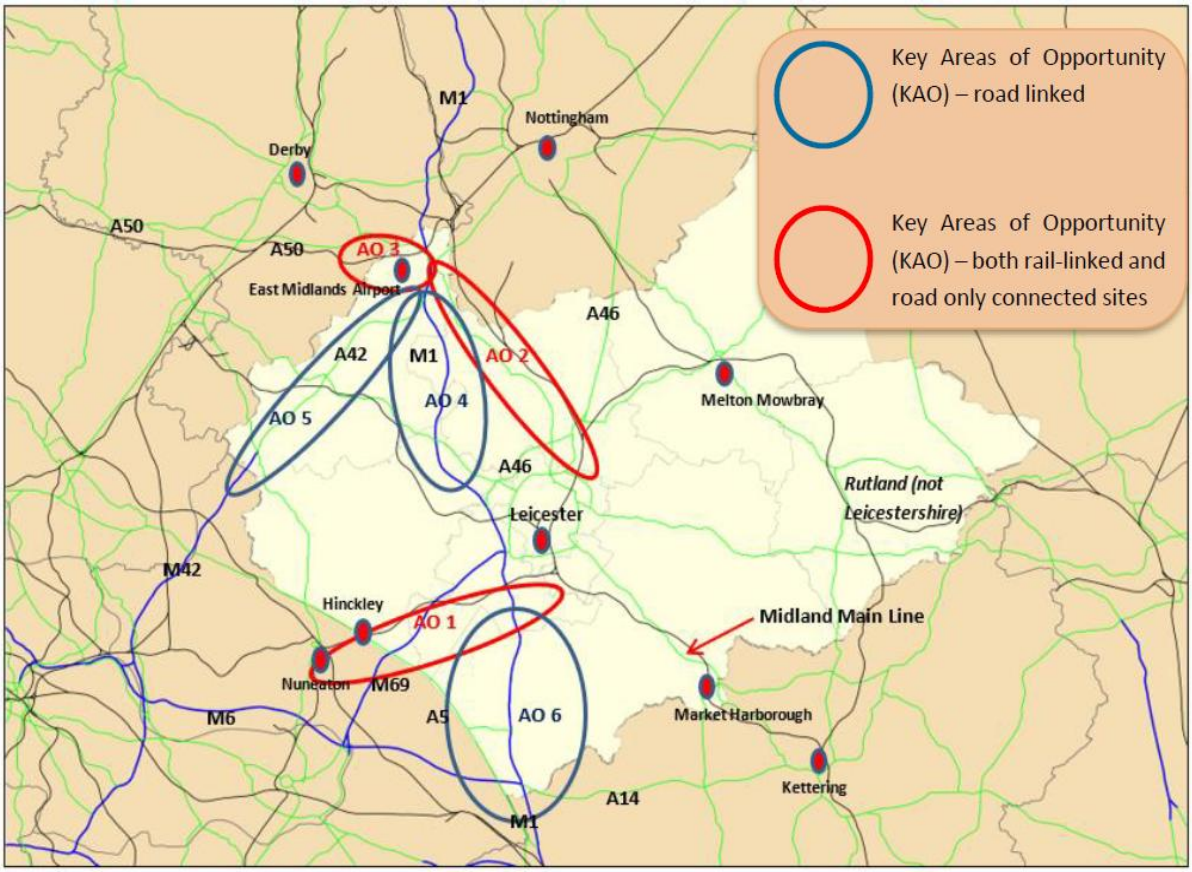


6.7 This assessment should not be construed as providing an employment land availability assessment. It is strategic in nature and used to identify potential broad locations that could accommodate strategic warehousing / distribution development and prioritise broad locations through the assessment of broad planning and market factors. Further work will be necessary to inform the Local Plan process, including detailed transport assessments.

Stage 1 – Define Areas of Search

6.8 The previous 2021 Warehousing Study identified 6 areas of opportunity', as seen in the figure below.

Figure 6.2 Areas of Opportunity in Leicestershire



NB: Boundaries of key areas are not definitive and are shown for indicative purposes only

Source: Warehousing and Logistics in Leicester and Leicestershire: Managing growth and change (April 2021)

6.9 These areas broadly cover the Strategic Road Network (SRN) in Leicestershire, with the exception of the A6 which is not SRN, as below.

Table 6.1 Area of Opportunity: Strategic Road Network

Area of Opportunity	Roads / Rail links SRFI
AO1	M69 (and A5 part, north)
AO2	A6 and A46 (part)
AO3	M1/A50 interchange / East Midlands Gateway
AO4	M1 (north)

AO5	A42
AO6	M1 (south) and A5 (part, south)

6.10 Engagement with market stakeholders (see Appendix A4) reported that road access is one of the most important factors for strategic occupiers and it is typically a priority that they are located no more than a 5-minute drive from a motorway/major A-road junction, for the purpose of labour market access as well as speed of distribution.

6.11 Taking the above into account, the broad locations are defined as a buffer zone around the relevant junctions listed in Table 6.2. The buffer zone is a 10-minute drive travel time from the junctions where the SRN junction connects to an A-road; and a 1km buffer where the junction connects to a B-road, so that the location is effectively on the A Road junction access point rather than B Road.

6.12 Some sites identified within this search area may have closer proximity to junctions not within the list below but still fall within the buffer zone i.e. sites around Bardon will be attributed to M1 J22 but accessed off the A511.

Table 6.2 All Junctions within Areas of Opportunity

Area of Opportunity	Junctions
AO1	M69 J1, M69 J2, A5/Logix Road, A5/Hammonds Way, A5/A47,
AO2	A6/William Railton Road, A6/A6004/Loughborough Road, A6/Barrow Road, A6/Granite Way, A6/Sileby Road, A6/Leicester Road, A6/Cossington Lane/Loughborough Road, A6/A46, A6/Whatton Road/Zouch Road, A6/Bishop Meadow Road, A6/Lodge End, A6/A563
AO3	A50 J1, M1J24, A6/A453, M1J23A, A6/London Road
AO4	M1 J23, M1 J22, M1J21A, M1 J21, A50/A46
AO5	A42 J11, A42 J12, A42 J13, A42 J14
AO6	M1 J20, M1 J19, A5/A426/Gibbet Lane, A5/A4303, A5/Mere Lane

Stage 2 – Junction Sift

6.13 Iceni considered junction characteristics and ruled out a number of junctions ruled out in a first sift as follows:

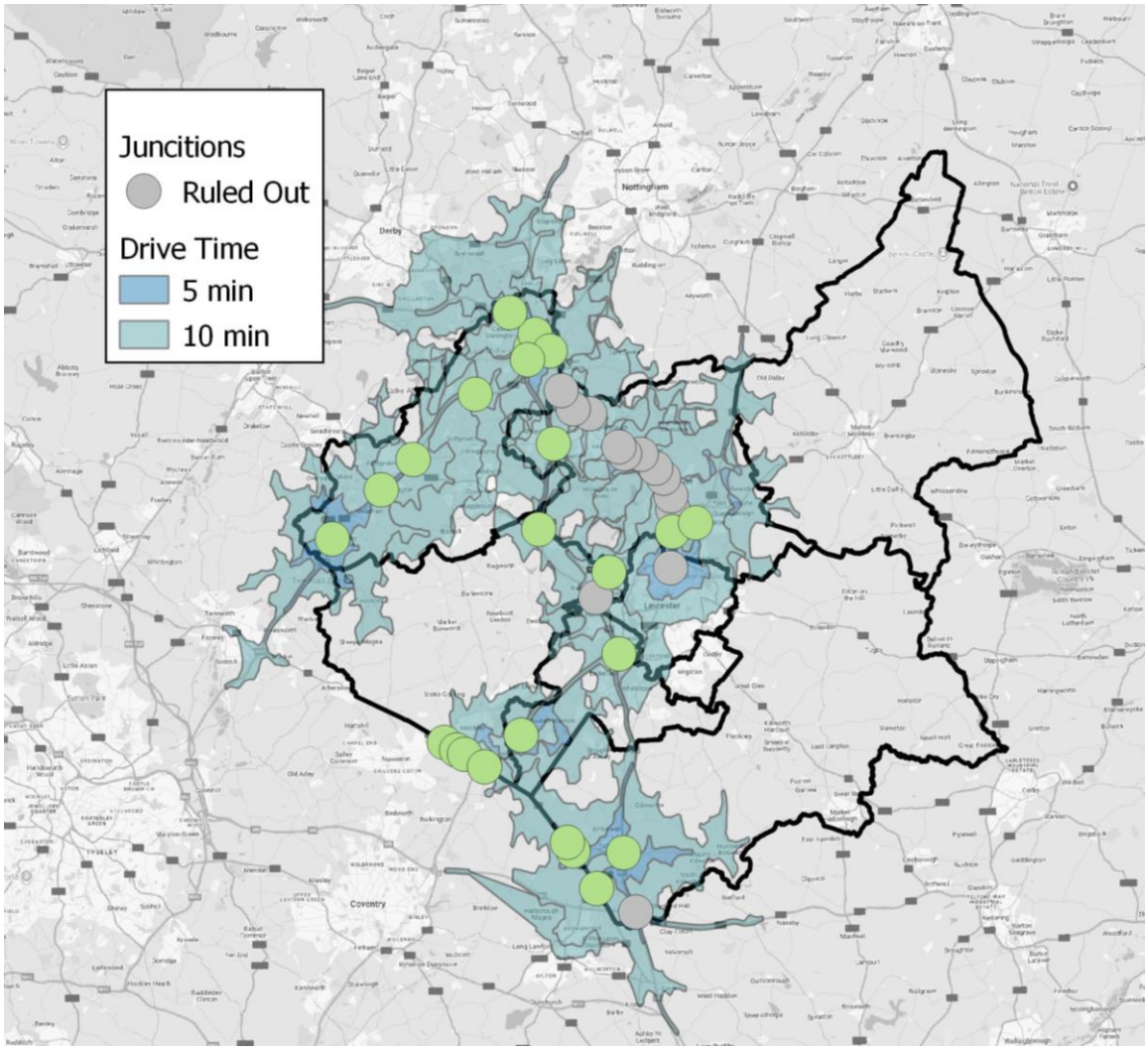
A. Junctions that provide access to links in one direction only and further investment is not considered achievable (i.e. A46 / M1,) thus offer limited strategic accessibility; M69 J2 has been left in at this stage given that the Hinckley NRFI proposals included provision of additional junction arms

B. Motorway / A-road interchanges without means to enter / exit the network (i.e. M1 J19 / M6 / A14 interchange) as these do not provide access to potential development sites; and

C. Junctions in built up / residential areas which would not be suited to routing large volumes of HGV traffic (i.e. A6 / Leicester Road; A6 / William Railton Rd near Loughborough; A6 / Whatton Rd near Kegworth; A6 / A563 Leicester)

6.14 The diagram below sets out the junctions included and the drive time areas.

Figure 6.3 Map of all Junctions and 5 Minute Drive Time Isochrones



Stage 3 – 'Absolute Constraints' Filtered Out

6.15 The third stage was to 'filter out' any land within the areas of search that has an 'absolute planning constraint'. These are constraints which are considered to preclude land from B8 development. Using GIS software, land covered by these types of constraints was removed. The 'absolute constraints' are:

1) Environmental designations – SSSI, Special Area of Conservation, National and Local Nature Reserve, Country Park, Ancient Woodland, National Forest Woodland;

2) Flood zone 3b – functional floodplain;

3) Heritage designations – Scheduled Monument (including archaeological sites), Registered parks and gardens, Registered battle fields, Conservation Areas;

4) Utilities – Overhead power lines, High pressure gas pipelines;

5) Existing development (unless known to be poor quality or easily relocated); and

6) Permissions, adopted housing / non-strategic employment allocations and Regulation 19 or later draft allocations for other land uses.

6.16 No Green Belt designations are applicable in the study area. Green Wedge does apply in some locations in Leicester and Leicestershire however a 'policy off' approach to this assessment has been agreed.

HS2 Safeguarding has not been treated as an absolute constraint given the cancellation of Phase 2b in October 2023.

Stage 4 – Potential Capacity

6.17 Land was manually identified once the 'absolute constraints' were accounted for, to identify additional opportunity sites that have not been promoted for B8 development to the Leicestershire local authorities in addition to identifying the maximum land capacity in the location of promoted / draft allocated sites.

6.18 When identifying land, physical boundaries such as roads and rivers were taken into account, but land ownership was not. For the purpose of this exercise, it is assumed that land assembly would be possible. This is appropriate given the high-level nature of the assessment.

6.19 Based on stakeholder discussions, particularly with developers, it was assumed that a minimum of 25ha would be needed for new sites and 10ha when the site is an extension of an existing distribution park. For the purpose of the land parcels identified by Iceni, a 25ha threshold was considered the typical minimum to generate sufficient value to support the delivery of enabling infrastructure.

6.20 Following this, additional sites not identified in this process were provided by local authorities including:

- Draft allocations (Regulation 18)
- Draft allocations (Regulation 19)
- Any further Call for Sites or other promoted proposals (for strategic B8)

6.21 These authority evidence based sites were not subject to the same parcel size threshold as the Iceni land capacity search. It is assumed that where sites have fallen below the threshold, as these are promoted, that they are viable and deliverable with sufficient infrastructure already in place.

6.22 The Hinckley NRFI site has also been included for assessment to provide an assessment of the broad location.

6.23 The table below lists the broad locations identified and associated land capacity that will progress to assessment. A maximum floorspace capacity has also been derived using an indicative 0.35 plot ratio, or where known, more specific floorspace capacity – such as proposal at Hinckley NRFI and south of East Midlands Airport[12].

6.24 Iceni view an indicative plot ratio of 0.35 as appropriate and in line with other evidence base documents such as the West Midlands Strategic Employment Sites Study 2024 and recent developments. A plot ratio of 0.35 refers to the gross developable area and does not include elements such as country parks and external roads but includes internal roads and on-site landscaping.

6.25 Plot ratios can be influenced by a number of factors, including landscape and visual mitigation, BNG requirements and SuDS – these are all site specific and therefore plot ratios will differ site by site. For the purpose of this study, which is high-level in nature and emphasises the

[12] Pending application

importance of further testing of capacity and site specifics, an indicative plot ratio of 0.35 is deemed appropriate and in line with efficient land use as required by the NPPF. The apportionment methodology in Section 7 is designed to flexibly respond to changing assumptions around capacity within broad locations.

Table 6.3 Broad Locations Identified for Assessment

Broad Location / Junction	Maximum Land Capacity (Ha)	Maximum Floorspace Capacity (sq.m)	Local Authority	AO
South of EMA	85[13]	240,000[14]	NWL	AO3
A50 J1	65	227,500	NWL	AO3
South of Kegworth	140	490,000	NWL	AO3
M1 J23	23	80,500	Charnwood	AO4
M1 J22	30	105,000	H&B	AO4
Bardon	65	227,500	NWL/H&B	AO4
M69 J2	290	650,000[15]	Blaby	AO1
A5 (North)	60	210,000	H&B	AO1
Magna Park (A5 South)	150	525,000	Harborough	AO6
M1 J20	190	665,000	Harborough	AO6
A42 J11	260	910,000	NWL	AO5
A42 J12	100	350,000	NWL	AO5
A42 J13	110	385,000	NWL	AO5
A42 J14	240	840,000	NWL	AO5
A46/A50	110	385,000	Blaby / H&B	AO4
A46/A607	45	157,500	Charnwood	AO2

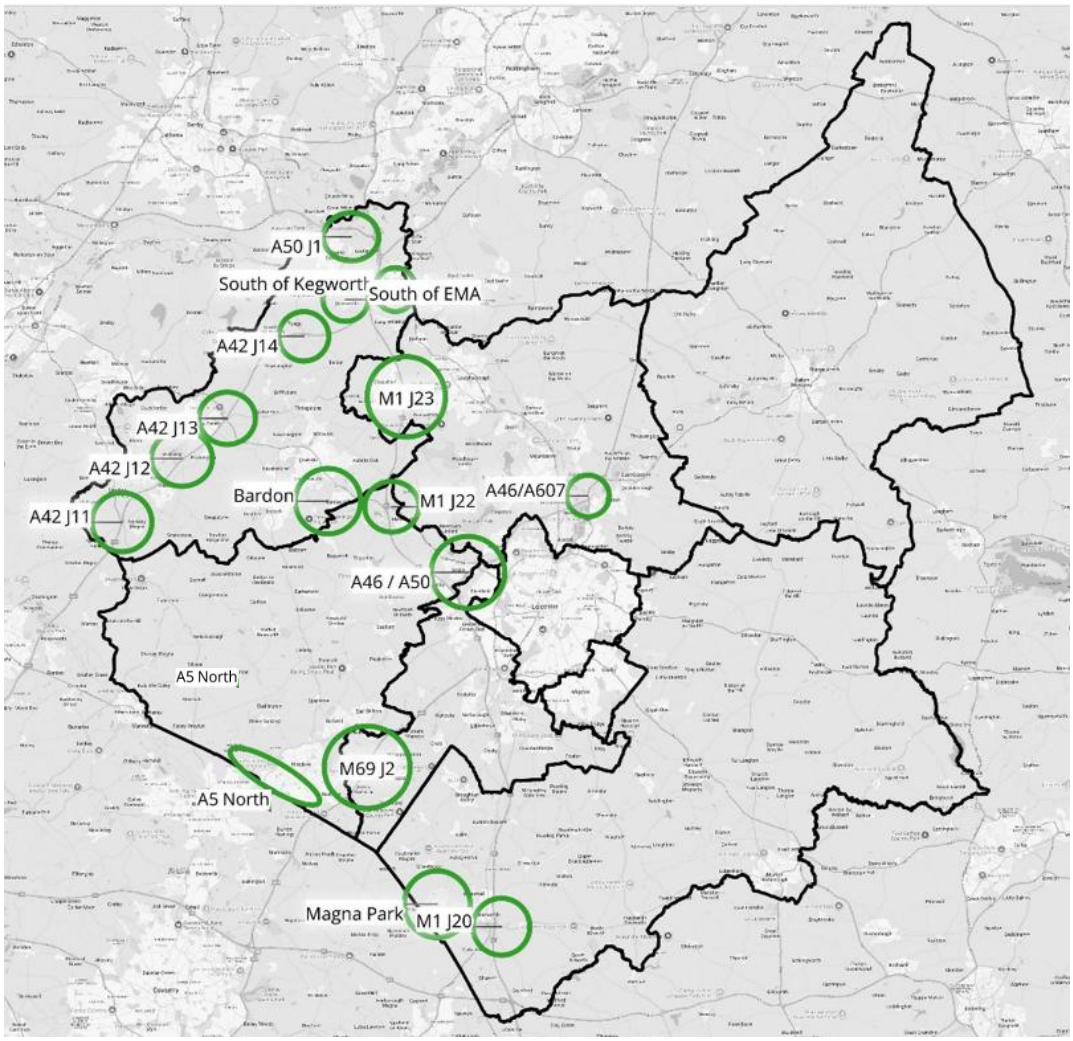
[13] Total site of 105ha, proposals for 20% of floorspace attributed to B2

[14]Total floorspace 300,000 sq.m; 80% B8 https://www.segro.com/countries-repository/united-kingdom/segro-logistics-park-east-midlands-gateway-2/emerging-proposal

[15] As per Hinckley NRFI DCO application excl. mezzanine

6.26 The locations are pictured on the map below. The majority of broad locations are centred around a single junction with the exception of A5 North and Magna Park (A5 South) which both encompass more than one junction given the proximity of the land parcels identified and the junctions they are accessed via.

Figure 6.5 Broad Locations



6.27

Stage 5 – Broad Location Assessment

6.28 The identified broad locations are then assessed on their accessibility, suitability and deliverability in order to come to an overall assessment and provide a final scoring. The broad location assessment is broadly similar to that of a sustainability appraisal with a number of

additional factors considered to assess the broad locations potential role as a strategic B8 location. Each factor is scored red, amber or green. An overview of the assessment criteria is detailed below:

Table 6.4 Broad Location Assessment Criteria

	Red	Amber	Green
Proximity to Strategic Road Network	Access point more than 1 mile from SRN/ MRN and/or beyond 5 miles of SRN Junction	Access to SRN is within 5 miles of SRN but access point to site is within 1 mile of MRN	Direct access to SRN or within 1 mile of MRN/SRN
Junction Capacity	Junction capacity issues cannot be alleviated by improvements	Known capacity issues but can be mitigated by improvements	No capacity issues
Public transport access	None or infrequent public transport access to site	Infrequent public transport within 500m of site which could be improved through development	Frequent bus or rail service within 500m of site
SRFI Access	Over 10 miles from SRFI	5-10 miles from SRFI	Within 5 miles of SRFI
Labour access	Labour accessibility score - judgement based, bottom scoring sites	Labour accessibility score - judgement based, adequate accessibility	Labour accessibility score - judgement based, top scoring sites
Corridor Market Rank	A6 – low market attractiveness	A42– secondary location	M1, A46, M69, A5, A50 – highly sought after locations
Spatial Strategy – proximity to existing and proposed settlements and employment	Isolated location with poor relationship to settlements and employment sites	Nearby settlements and employment sites but some separation	Strong relationship with settlements and employment sites
Infrastructure Requirements	Identification of infrastructure requirements or upgrades and how this will impact deliverability and phasing		

6.33 The factors assessed in the site assessment and their RAG criteria are detailed in Appendix A6.

Junction Capacity / Infrastructure Requirements

6.34 Iceni engaged with both Leicestershire and Warwickshire County Highways in Spring 2025 to gain an understanding on junction and network capacity issues. National Highways were originally engaged with in Spring 2023, however it should be noted that a comprehensive update has been declined by National Highways in 2025.

6.35 This section provides a high-level overview of the transport authorities' views on transport capacity and infrastructure requirements for each of the broad locations to feed into the overall assessment. Further transport modelling and testing will form part of the Local Plan process to test sites in more detail.

6.36 County and National Highways feedback can be found in Appendix 5. The below highlights the headline issues:

- A5 – see below in more detail;
- M1 J23A/ J24 – Junction has been upgraded however there are still congestion issues and challenges in delivering further mitigation. Significant highways works required to facilitate further growth at this location;
- A50 J1 – known capacity constraints;
- M1 J20 - issues of connections with local road network, A4303 and route to Magna Park. Further growth at this location should be considered in conjunction with Lutterworth East SDA;
- M1 J21 interchange: significant congestion at Leicester access point;
- M1 J22 - constraints feeding into Bardon Hill area despite National Highway improvements;
- M1 J23 - Loughborough - further housing growth planned, study currently underway to review mitigation required;

- A50/A46 – A46 operates at or close to capacity in this area, further impacted by capacity and safety issues on M1 J21a to J21. Further growth at this location reported to result in further unacceptable diversions of traffic away from A46 and M1 and on to lower order roads running through local communities;

- A6 - inclusion in the study is considered an anomaly as it is not a strategic road and serves the local population, part is single carriageway;

- A42 – no major capacity issues however corridor is limited to two lanes. A42 J14 only has westbound slip roads – it is unlikely that additional junction arms would be delivered at this location;

- M69 J2 – strategic B8 growth cannot be accommodated at this location that utilises the motorway junction without the delivery of south facing slip roads, as proposed under previous HNRFI DCO; and

- A46/A607 (Hobby Horse Roundabout) - Hobby Horse roundabout is the most congested and delayed junction in the corridor. National Highways reported that the roundabout could only be resolved via a major projects intervention and not through developer contributions or mitigation scheme inputs. There is currently no planned improvements to this junction.

6.37 The above comments highlight the scale of challenge, and level of infrastructure investment required in Leicestershire. Whilst this may be considered prohibitive to growth, in relation to this work, it also sets out the scale of the economic opportunity associated with investment, if suitable schemes can be designed and funded.

6.38 These network issues are pre-existing and as such, the scale of investment requirement to resolve these issues is well beyond what would be required to mitigate the impact of new growth alone. Although, it is accepted that the investment requirement to mitigate the impacts of growth may provide some betterment, especially if investment can be coordinated with future National Highways improvements.

A5

6.39 The A5 corridor is largely at capacity for much of the section within Warwickshire and Leicestershire. Issues are particularly exacerbated at single carriageway sections which are predominantly west of the M69 interchange (A5 North). There is currently no strategy in place from National Highways to provide the necessary infrastructure improvements. Significant S106 contributions have been made to National Highways for the previous phases of Magna Park expansion (A5 South) but no improvements have been implemented given a strategy / scheme is not in place for development.

6.40 Without a strategy in place, there is a risk that growth along the corridor is not being managed – individual schemes are coming through the planning system providing 'patchwork' improvements. This may sterilise land and limit improvements that can be made in the longer term.

6.41 Uncertainty around infrastructure investment has been a long-term historical issue with schemes announced by the government and then cancelled – notably commitment for dualling inclusion in RIS 3.

6.42 Recent WCC Highways comments confirmed that further growth in the Magna Park area is dependent on the need for strategy scale interventions on the A5 corridor, at least at the Cross in Hand and Gibbet Hill Roundabouts[16].

6.43 Investment along the A5 (and the SRN in general) is likely required in the long-term to deal with existing issues, regardless of the scale of growth required. It is therefore reasonable to assume a that a degree of investment in the SRN will come forward to address some of the existing capacity issues in the long-term, within the 20-year study horizon, unlocking further capacity for growth.

[16] Harborough District Council Local Plan Regulation 19 Consultation, Warwickshire County Council Transport Planning Team Comments, 30th April 2025

Transport Summary

6.44 This study is limited in scope and therefore not able to undertake any modelling, and Iceni thus relying on officer / stakeholder feedback. Judgements are required in terms of dealing with junction inclusion for suitability and infrastructure investment.

6.45 It is recognised that with sufficient investment scale, some of the congestion issues could be overcome. This is evident for example with regard to the previous HNRFI DCO at M69 J2 as the significant scale of development provides for investment (and funding) to add junction arms; or major National Highways investment on the A5. However, it is beyond the scope of this study to examine detailed issues of junction and network capacity, including cumulative impacts, infrastructure requirements and associated costs and viability testing of proposals. There are also potential implications of major infrastructure works to junctions on the timing of delivery of associated development.

Overall Assessment

6.46 All of the above variables are brought together in an overall assessment of each broad location. The overall assessment involves a level of Iceni's professional judgement. Each broad location has then been given a RAG rating on the final assessment.

6.47 The table below provides the overall broad location assessment and score.

Table 6.5 Broad Location Assessment Summary

Broad Location	Max Land Capacity (Ha)	Est. Floorspace Capacity (sq.m)	AO	Local Authority	Summary of Assessment
South of EMA	85	240,000	AO3	NWL	Direct access to M1 (SRN) and provides opportunity to extend development at existing railhead at EMG. Known junction capacity constraints at M1 J23A and M1 J24 that will require significant mitigation to unlock development. There is currently no National Highways improvement scheme identified. Strong labour accessibility and adequate public transport provision. M1 is a desirable market corridor.
A50 J1	45	227,500	AO3	NWL	Direct access to M1 (SRN) and within close proximity to existing railhead at EMG. Known junction capacity constraints at M1 J23A and M1 J24 that will require significant mitigation to unlock development. There is currently no National Highways improvement scheme identified Strong labour accessibility and adequate public transport provision. M1/A50 is a desirable market corridor.
M1 J23	23	80,500	AO4	Charnwood	Direct access to M1 (SRN) with no known major junction capacity constraints. Strong labour accessibility and adequate public transport provision. Development would create new strategic B8 location. M1 is a desirable market corridor.

M1 J22	30	105,000	AO4	H&B	Direct access to M1 (SRN) with no known major junction capacity constraints. Strong labour accessibility and adequate public transport provision. Development would create new strategic B8 location. M1 is a desirable market corridor.
Bardon	65	227,500	AO4	H&B / NWL	No direct access onto SRN but located within 3 miles of M1 J22, where there are no known major junction capacity constraints. Bardon is a desirable market location and development would expand existing employment provision. Labour accessibility and public provision is adequate.
M69 J2[17]	290	650,000	AO1	Blaby	Direct access to M69 (SRN) however strategic B8 development would require the provision of additional junction arms (i.e. south facing slip roads) to provide access in both directions and also significant improvements to the Local Road Network to mitigate the highways safety impacts of proving south facing slip roads. Strong labour accessibility bur poor public transport provision. The M69 is considered a secondary market corridor.

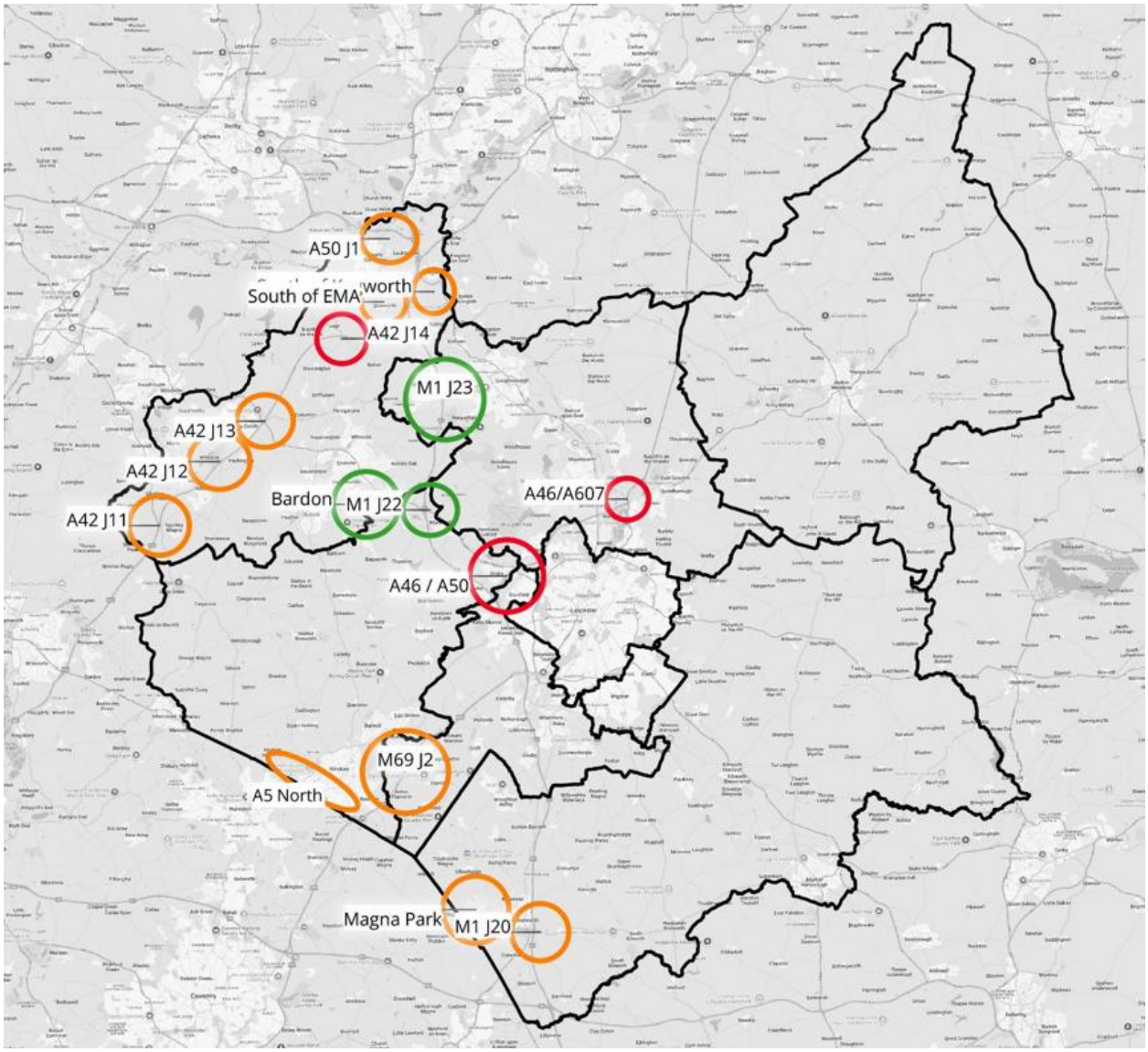
[17] Assessed as a rail-served location

A5 (North)	60	210,000	AO1	H&B	Location has direct access to A5 (SRN), however there are significant corridor capacity constraints which require strategic intervention to unlock capacity. There is currently no National Highways improvement scheme identified. Labour accessibility is adequate and public transport provision is good. The A5 is a secondary market corridor.
Magna Park (A5 South)	150	525,000	AO6	Harborough	Location has direct access to A5 (SRN), however there are significant corridor capacity constraints which require strategic intervention to unlock capacity. There is currently no National Highways improvement scheme identified. Labour accessibility is adequate and public transport provision is good. Growth adjoining Magna Park would expand existing strategic B8 provision. The A5 is a secondary market corridor.
M1 J20	190	665,000	AO6	Harborough	Direct access to M1 J20 (SRN) where there are no major known capacity constraints. Labour accessibility and public transport access is poor. Development would create new strategic B8 location. M1 is a desirable market corridor.
A42 J11	260	910,000	AO5	NWL	Direct access to A42 (SRN) and no known junction capacity issues. Labour accessibility and public transport access is adequate. Growth at this location would expand existing employment development at Mercia Park. A42 is considered a secondary market location.

A42 J12	100	350,000	AO5	NWL	Direct access to A42 (SRN) and no known junction capacity issues. Labour accessibility is adequate and public transport access is poor. Growth at this location would create a new strategic B8 location. A42 is considered a secondary market location.
A42 J13	110	385,000	AO5	NWL	Direct access to A42 (SRN) and minor junction capacity issues that may require infrastructure investment. Labour accessibility and public transport access is adequate. Growth at this location would create a new strategic B8 location. A42 is considered a secondary market location.
A42 J14	240	840,000	AO5	NWL	Direct access to A42 (SRN) however junction only has single directional west facing slip roads. Given the sites location on a secondary corridor and absence of promotion for strategic B8 it is unlikely infrastructure unlocking access in both directions will be provided. Broad location is not suitable for strategic B8 development.
South of Kegworth	140	490,000	AO3	NWL	Direct junction access to M1 (SRN) however known capacity constraints at M1 J23A to J24 which require significant infrastructure improvements and there is currently no National Highways improvement scheme identified. Close proximity to existing rail terminal at EMG. Development at location would create new strategic B8 location.

A46/A50	110	385,000	AO4	Blaby / H&B	Major junction capacity issues identified by LHA on A50, A46 and nearby M1 J21 that cannot be overcome through infrastructure improvements. Broad location cannot accommodate strategic B8 development and should be discounted.
A46/A607	45	157,500	AO2	Charnwood	Direct access to A46 (SRN) however there are significant known capacity constraints at this location which can only be resolved via a major projects intervention and there is currently no National Highways improvement scheme identified. Given that there is no commercial interest to deliver improvements privately funded, nor public funded allocated, this location is not suitable for strategic B8 development within the forecast period.

Figure 6.6 RAG Rating of Broad Locations



6.48 Only broad locations with a green or amber rating have been taken forward to the next stage apportionment. Broad locations rated 'red' are not suitable for strategic B8 development and are discounted.

6.49 The table below summarises the maximum land capacity by broad location and AO, in addition to the associated floorspace capacity as derived in table 6.6.

Table 6.6 Maximum Capacity by Broad Location and AO

AoO	District	Market Rank	Broad Location	RAG Rating	Maximum Land Capacity (Ha)	AO Maximum Land Capacity (Ha)	Maximum Floorspace Capacity (sq.m)
AO1	Blaby	1	M69		260	320	860,000
	H&B		A5 (North)		60		
AO3	NWL	1	South of EMA		85	270	957,500
			A50 J1		45		
			Kegworth		140		
AO4	Charnwood	1	M1 J23		23	118	413,000
	H&B		M1 J22		30		
	H&B/NWL		Bardon		65		
AO5	NWL	2	A42 J11		260	470	1,645,000
			A42 J12		100		
			A42 J13		110		
AO6	Harborough	1	Magna Park (A5 South)		150	340	1,190,000
			M1 J20		190		
Total					**1,518**	**1,518**	**5,905,500**

7. APPROACH TO APPORTIONMENT

7.1 This section sets out the methodology used to consider the apportionment of the residual strategic distribution floorspace need.

7.2 There is no precedent methodology for this process. The most recent comparable example is that for the West Midlands Strategic Employment Sites Study 2024[18] which:

- Identifies capacity at motorway junctions;
- Identifies and scores junctions on a series of criteria, removing red flagged junctions;
- Areas of opportunity are identified around the remaining scored junctions; and
- The residual need is apportioned to areas of opportunity based on (i) market factors, (ii) years of committed supply, (iii) relative size of the area, (iv) proximity to SRFIs and (v) Green Belt constraints.

7.3 A methodology has been developed for this report. Whilst it is acknowledged that there are simplistic ways in which this apportionment could be done, i.e. sharing out 'need' following the proportion of past completions or stock holdings – this would fail to recognise potential land supply constraints; and assumes past trends are the most sustainable approach in land use planning terms, which may not be the case.

7.4 The methodology has been designed specifically to:

- Reflect the level of detail available at the time of the report and the scale and scope of the brief;

[18] https://www.hwa.uk.com/site/wp-content/uploads/2024/02/WMSESS-Final-Report-Phase-3-Aug-2024.pdf

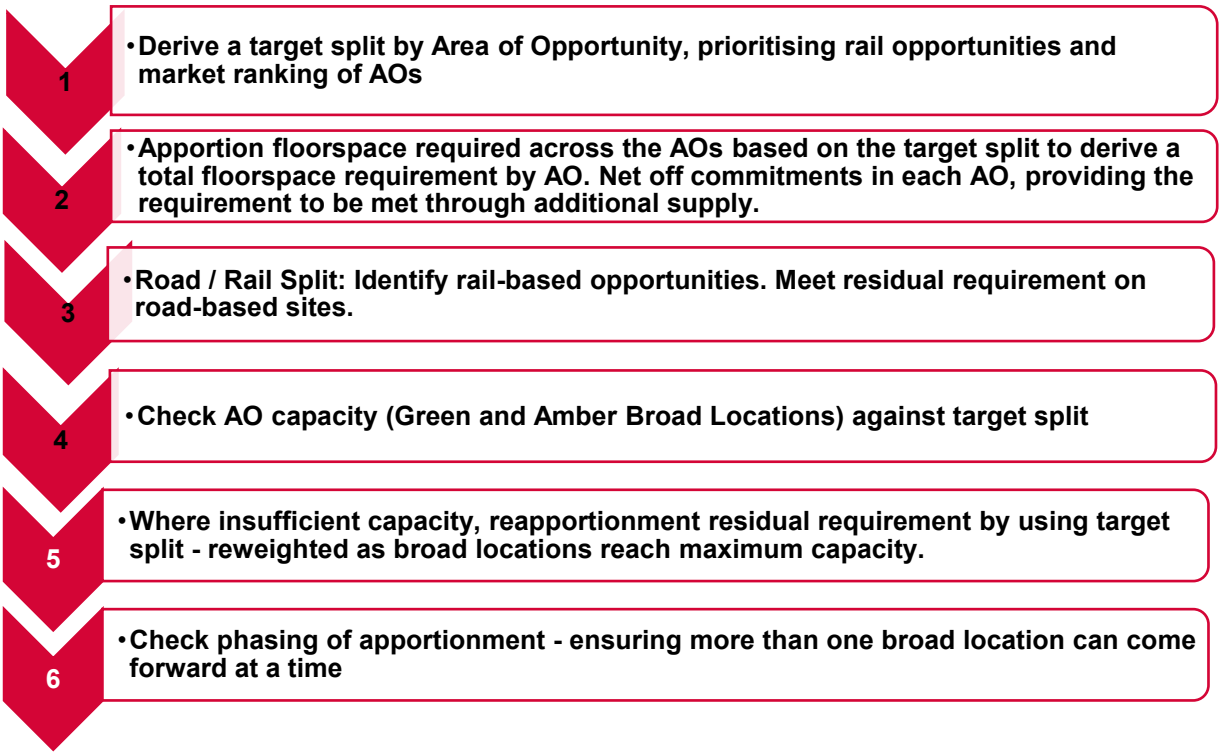
- Enable a hierarchy of outcomes, so that the most suitable locations can be identified for the purpose required; and

- Use a sequential approach, meaning that should new information come to light about any location assessed, or indeed location rejected, the outcomes can be adjusted.

7.5 The assessment considers the apportionment to areas of opportunity (corridors). It is for individual local plan processes to assess and identify specific site allocations.

Overview

Figure 7.1 Approach to Apportionment



Justifying the approach

7.6 The approach seeks to provide a practical and transparent way of dealing with apportionment sequentially and a method that has longevity as it can be adapted to reflect new information available in the future. This includes focusing on AOs and broad locations rather than individual

sites. Due to the scale and scope of the work some issues are dealt with on limited information, but this is not considered to prejudice the overall approach.

7.7 The approach apportions the need to Areas of Opportunity. It is the role of Local Plan preparation processes within LPAs to consider specific allocations and test infrastructure capacity which may influence the scale and particularly the phasing of growth. This could lead to future iterations of the distribution of floorspace across AOs and districts.

7.8 The study recognises the potential for investment in junctions and infrastructure to support development over the period to 2046 and the potential implications on phasing.

Rail-Served Opportunities

7.9 Whilst the road-rail split of the identified strategic warehousing need is a policy choice, growth at rail-served locations should be prioritised. As detailed in section 4, the planning system should be making provision for a greater provision of rail-served sites due to national planning policy identifying need for an expanded network of SRFIs; the Government's rail freight growth target; growing demand for cost competitive rail freight services between ports and NDCs and the decarbonising agenda within the logistics sector.

7.10 Section 5 identifies a rail-based shortfall of 1,349,600 sq.m. This need can be met at a new strategic rail freight interchange, through expansion of existing railhead sites, or following this, on satellite sites within a 5 mile drive distance (as per Section 5).

7.11 Whilst the Hinckley NRFI DCO decision was refused, the potential for a new rail freight interchange to be delivered at this location within the study period, should not be dismissed. The decision letter[19] agrees that there is a compelling need for the Proposed Development. The DCO application was refused on the basis most notably of insufficient transport modelling evidence assessing the impacts at M1 J21/M69 J3; non-compliance with the road safety

[19] https://infrastructure.planninginspectorate.gov.uk/wp-content/ipc/uploads/projects/TR050007/TR050007-002725-Refusal%20Letter%20-%20Hinckley%20NRFI.pdf

requirements; and the highways safety impacts on the village of Sapcote as a result of the HGV re-routing allowing the slip roads to be constructed.

7.12 Whilst not undermining the scale of the issues for refusal, it is Iceni's view that it is likely a further application for the SRFI at Hinckley could be submitted and be consented through the DCO process, rather than the Local Plan or Local Planning Authority development management route. The development could therefore still come forward within the study period to 2046. This aligns with National planning policy, principally the NPPF and the National Planning Statement for National Networks, which clearly expects large scale freight developments to be built at locations which have access to the railway network.

7.13 Based on the previous plans, there is capacity for 650,000 sq.m of floorspace to be delivered at the Hinckley NRFI site.

7.14 EMG is the only operating railhead in Leicestershire. At the time of this study, Maritime are only operating 4 out of a capacity of 16 trains a day from East Midlands Gateway (and East Midlands Distribution Centre does not currently operate its railhead, which is leased only to M&S). In rail side terms, there is therefore significant capacity for increased train frequency. In terms of delivering additional land side capacity, which is effectively the function of the 'need' requirement, it is logical that locations closest to this railhead are prioritised for development.

7.15 Not all occupiers use the rail facility, but this could change over time. At current rail capacity, it is assumed that considerable further development could occur around EMG without saturating rail side capacity, notwithstanding issues on the road network or potentially other impacts including increased labour market demand.

7.16 There are emerging proposals for East Midlands Gateway 2 within the South of EMA broad location which includes multi-unit logistics/industrial development alongside improvements to the efficiency and freight handling functionality of the existing SRFI at EMG1[20]. Proposals

[20] Statement of Community Consultation - https://www.segro.com/countries-repository/united-kingdom/segro-logistics-park-east-midlands-gateway-2

include rail head site access from the A433 and potential improvements to the wider highway network. These proposals support the principle that strategic B8 development at this location will be rail-served.

7.17 The capacity assessment identifies 240,000 sq.m (85ha) of capacity within the South of EMA broad location, recognising that of the total 300,000 sq.m proposed on the 105ha site, 20% of this will provide for B2 uses. This should be relied upon in full to contribute towards the rail-served need.

Target Apportionment

7.18 One of the recommendations from the 2021 report was that "allocations ensure a supply of vacant plots at strategic sites in at least two of the Areas of Opportunity simultaneously ideally across road and rail" (p139). In this light, a preferred apportionment strategy (target split) has been derived based on the market ranking of areas of opportunity and the locations of the identified rail-served locations.

7.19 The table below derives a target apportionment of the additional floorspace requirement.

7.20 Step 1 starts with an equal split across the five Areas of Opportunity that have broad locations identified and capacity. No broad locations or land parcels were identified in AO2 and it is therefore discounted from the apportionment approach from here onwards.

7.21 A market ranking has been derived for each Area of Opportunity, this market ranking fed into the assessment of broad locations and is discussed further in appendix A6.

7.22 Step 2 adjusts the target split upwards or downwards based on market ranking and the opportunities to meet a rail-based need.

7.23 The apportionment is uplifted to 25% within AO1 (M69) and AO3, recognising the rail-based opportunities as noted above and the prime market locations of both areas. No further adjustment are made to AO4 (M1 North) and AO6 (M1 South), reflecting that they are prime market locations but with no rail-based opportunities.

7.24 AO5 (A42) sees a downwards adjustment to 10%, recognising that it is a secondary location, particularly given its lower labour market availability and non-motorway status.

Table 7.1 Target Apportionment by AO

	Broad Locations	Step 1: Equal Split	Market Rank designation	Step 2: Adjusted Split	Target Apportion-ment
AO1 – M69/A5	M69 A5 (North)	20%	1	Adjusted upwards: rail prioritisation **+5%**	**25%**
AO2 – A6	N/A	0%	3	Unadjusted	**0%**
AO3 – EMG	South of EMA A50 J1 Kegworth	20%	1	Adjusted upwards: rail prioritisation **+5%**	**25%**
AO4 – M1 North	M1 J23 M1 J22 Bardon	20%	1	Unadjusted	**20%**
AO5 – A42	A42 J11 A42 J12 A42 J13	20%	2	Adjusted downwards: low market ranking **-10%**	**10%**
AO6 – M1 South	Magna Park (A5 South) M1 J20	20%	1	Unadjusted	**20%**

7.25 The table below apportions the additional floorspace required (3,969,400 sq.m) based on the target apportionment and nets off the existing completions and commitments to derive a residual floorspace required.

7.26 It is of note that 206,100 sq.m of completions/commitments are located outside of the AOs. This is taken account of prior to the apportionment of the additional floorspace and does not distort the target apportionment[21].

7.27 The residual floorspace requirement is met through the rail-based locations in AO1 and AO3, as discussed in detail above, yielding 890,000 sqm of floorspace at rail-served sites. There are no further direct rail head connected locations identified within Leicestershire. As a result, the remaining requirement of 2,169,200 sq.m is assumed to all be met on road-based sites.

[21] 206,100 sq.m is netted off from 3,969,400. Remaining 3,763,300 sq.m is apportioned to AOs using target split.

Table 7.2 Target Apportionment (2023-46) (sq.m)

AOs	Broad Locations	Target Apportionment		Existing / Residual Requirement		Road/Rail Split of Residual Requirement	
		Target Apportionment	Total Target Floorspace	Completions & Commitments	Total Residual Floorspace Required	Rail Sites	Road Based Sites (Residual – Rail)
AO1 – M69/A5	M69	**25%**	940,800	31,700	909,100	650,000	259,200
	A5 (North)						
AO3 – EMG	South of EMA	**25%**	940,800	138,600	802,200	240,000	562,200
	A50 J1						
	Kegworth						
AO4 – M1 North	M1 J23	**20%**	752,700	194,300	558,400		558,400
	M1 J22						
	Bardon						
AO5 – A42	A42 J11	**10%**	376,300	82,500	293,800		293,800
	A42 J12						
	A42 J13						
AO6 – M1 South	Magna Park (A5 South)	**20%**	752,700	257,000	495,700		495,700
	M1 J20						
Other				206,100			
Total			3,969,400[21]	910,200	3,059,200	890,000	2,169,200

Source: Iceni analysis

Capacity Testing the Target Apportionment

7.28 The table below indicates that there is insufficient capacity within AO1 and AO4 to meeting the road-based target apportionment. All other Areas of Opportunity have sufficient capacity. In total, there is a shortfall of 195,500 sq.m - this is redistributed in the next step.

Table 7.3 Capacity Testing of Target Apportionment (2023-46) (sq.m)

AOs	Target Split (excl. Completions & Commitments)		Maximum Capacity		Shortfall	
	Rail	Road	Rail	Road	Rail	Road
AO1 – M69/A5	650,000	259,100	650,000	210,000		-49,100
AO3 – EMG	240,000	562,200	240,000	717,500		
AO4 – M1 North		558,400		413,000		-145,400
AO5 – A42		293,800		1,645,000		
AO6 – M1 South		495,600		1,190,000		
Other						
Total	890,000	2,169,200				-194,500

Source: Iceni analysis

7.29 The shortfall is reapportioned amongst the AOs with remaining capacity based on the ratio of the original target split, after removing the AOs that have reached capacity. Under this methodology, AO3 receives 45% of the shortfall, AO6 meets 36% and AO5 meets 18%.

7.30 The methodology has been designed in a way that if the maximum floorspace capacity at a broad location / area of opportunity changes, the apportionment can be adjusted. For example if the maximum capacity with AO3 lower than estimated and there becomes a shortfall in AO3, the adjusted split can be recalculated, removing AO3 and splitting the shortfall at a 2:1 ratio i.e 66% and 33%, between AO6 and AO5 as the original target split (20% and 10%) indicates.

Table 7.4 Target Apportionment Split - Reweighted

	Target Split	Adj. Split
AO1 – M69/A5	**25%**	**0%**
AO3 - EMG	**25%**	**45%**
AO4 – M1 North	**20%**	**0%**
AO5 – A42	**10%**	**18%**
AO6 – M1 South	**20%**	**36%**

Source: Iceni analysis

7.31 The table below shows the reapportionment of the shortfall and shows the subsequent final floorspace apportionment.

Table 7.5 Reapportionment of Shortfall and Final Apportionment (sq.m)

	Reapportioning Road Shortfall			Final Apportionment (2023-46)			
	Shortfall (Road)	Split	Shortfall Reappor-tioned	Completions & Commitments	Road	Rail	Total
AO1 – M69/A5	-49,200	0%		31,700	210,000	650,000	891,700
AO3 – EMG		45%	88,400	138,600	650,600	240,000	1,029,200
AO4 – M1 North	-138,400	0%		194,300	413,000		607,300
AO5 – A42		18%	35,400	82,500	329,200		411,700
AO6 – M1 South		36%	70,700	257,000	566,400		823,400
Other		0%		206,100	-		206,100
Total	187,600		194,500	910,200	2,169,200	890,000	3,969,400

Source: Iceni analysis

Phasing

7.32 The table below shows the indicative phasing of strategic B8 development for each of the areas of opportunity and where known, broad locations, categorising locations by short (2023-28), medium (2028-38) or long-term (2038+). This is based on infrastructure investment requirements based on engagement feedback from County Highways, proposed and draft allocations.

7.33 In the short-term the need is met by the 2023/24 completions and extant commitments.

7.34 The phasing of each of the areas of opportunity are considered in turn below:

- AO1 (M69 / A5 North):
    - Hinckley NRFI: Taking into account the lead in time for a new DCO application to be submitted and assessed it assumed that development would come forward in the **medium to long term**, no earlier than 2033;
    - A5 North: There are significant network capacity constraints along the A5 corridor, which cannot be addressed in full through developer improvements or contributions. Major infrastructure investment is required through a National Highways scheme, however no scheme has been identified to date. RIS 3 currently covers the period to 2030 and so for the purpose of this study it assumed that the necessary infrastructure improvements are to be brought forward beyond 2030 (**medium to long-term**). Proposed allocations in this location have been included in Hinckley and Bosworth Regulation 18 indicating some level of growth will be accommodated within their plan period (to 2045).
- AO3 (EMG)
    - South of EMA (EMG2): It is understood that with the necessary highways works, development of a second phase at East Midlands Gateway can be

accommodated in the **medium term** given current junction capacity without major infrastructure intervention.

- A50 J1 / South of Kegworth: Assuming that rail-served growth is prioritised and the above comes forward first, feedback from County Highways indicated that further capacity would need to be provided at M1 J23A/J24, likely requiring National Highways intervention – given this, growth at this location is phased as a **medium to long term (2033+);**

- AO4 (M1 North): It is understood that growth at the identified broad locations can be brought forward in the **medium term** with the necessary highways works and do not require significant National Highways investment. At M1 J22 there is a proposed allocation (Hinckley and Bosworth Regulation 18)

- AO5 (A42): It is understood that growth at the identified broad locations can be brought forward in the near medium term with the necessary highways works and do not require significant National Highways investment.

- AO6 (M1 South / Magna Park): Apportionment requires 1-2 broad locations to come forward.

  - Magna Park: Extension to Magna Park draft allocation (Harborough Regulation 19) – assumed it will come forward in plan period (before 2041) - medium-term

  - M1 J20: Further growth to meet apportioned need to come forward potentially beyond Harborough plan period - long-term.

7.35 The phasing plan below shows that strategic B8 growth would come forward in more than one location at a time in line with the recommendations of the 2021 Study. No further adjustments are required to be apportionment.

Table 7.6 Phasing of Apportionment (sq.m)

Period		Local Authority	Short-term (Completions + Commitments)	Medium-term		Long-term
			2023-28	2028-33	2033-38	2038+
Need (Ha)			862,900	862,900	862,900	1,380,700
AO1	A5 Hinckley	H&B	31,700		210,000	
	Hinckley NRFI	Blaby			650,000 (Rail)	
AO3	South of EMA	NWL		240,000 (Rail)		
	A50 J1	NWL	138,600		650,600	
	South of Kegworth	NWL				
AO4	M1 J23	Charnwood		80,500		
	M1 J22	H&B		105,000		
	Bardon	NWL / H&B	194,300	227,500		
	M1 J21	Blaby				
AO5	A42 J11	NWL	18,600	329,200		
	A42 J12	NWL				
	A42 J13	NWL	63,900			
AO6	M1 J20	Harborough		566,400		
	Magna Park	Harborough	257,000			
	Other		206,100			

Source: Iceni analysis

Dealing with a 'no Hinckley' scenario

7.36 The apportionment in this report assumes that Hinckley NRFI is achievable prior to 2046. This is considered reasonable given that many of the broad locations for apportionment also require infrastructure investment to be achievable within the period. Certainty around Hinckley NRFI would be in place by potentially 2035. Should over time it become evident that the RFI cannot come forward here, then table 6.6 demonstrates that there is a total of 1,518 ha of land at non red flagged locations that could come forward to meet need, falling to 1,258ha when excluding Hinckley NRFI. The evaluation of apportionment under a 'no Hinckley' scenario has not been progressed to avoid prejudicing a rail first approach.

Summary of Apportionment

7.37 The table below summarises the apportionment of strategic B8 growth by area of opportunity, taking into account the testing of capacity.

Table 7.7 Apportionment by AO (sq.m)

District	Completions + Commitments		Residual Need Apportioned		**Total Apportioned Need**	**Apportionment (%)**
	Rail	Road	Road	Rail		
AO1	-	31,700	210,000	650,000	891,700	**22%**
AO2	-	-	-	**-**	-	**0%**
AO3	-	138,600	650,600	240,000	1,029,200	**26%**
AO4	-	194,300	413,000	**-**	607,300	**15%**
AO5	-	82,500	329,200	**-**	411,700	**10%**
AO6	-	257,000	566,400	**-**	823,400	**21%**
Other	-	206,100	-	**-**	206,100	**5%**
Total	-	**910,200**	**2,169,200**	**890,000**	**3,969,400**	

Source: Iceni analysis

7.38 The table below shows the apportionment by district / borough. Leicester, Oadby & Wigston and Melton have been omitted given there are no completions / committed supply or broad locations for growth identified within these districts/boroughs.

7.39 The growth apportioned within the Bardon broad location has been split equally across North West Leicestershire and Hinckley & Bosworth, given that it sits across the boundaries of both authorities.

7.40 North West Leicestershire is expected to accommodate the greatest volume of floorspace, reflecting the broad East Midlands Gateway location connectivity, as well as the relatively unconstrainted A42 corridor. Harborough and Blaby would accommodate a broadly similar volume assuming that Hinckley NRFI comes forward. Hinckley & Bosworth would accommodate 16% of the requirement and Charnwood just 2% reflecting its limited capacity.

Table 7.8 Apportionment by District/Borough

District / Borough	Completions + Commitments		Residual Need Apportioned		**Total**	**Apportionment incl. completions + commitments**
	Rail	Road	Rail	Road		
North West Leicestershire	-	221,100	240,000	1,093,600	**1,554,700**	**39%**
Harborough	-	257,000	-	566,400	**823,400**	**21%**
Hinckley & Bosworth	-	327,000	-	428,800	**755,800**	**19%**
Blaby	-	105,100	650,000	0	**755,100**	**19%**
Charnwood	-	0	-	80,500	**80,500**	**2%**
Total	**-**	**910,200**	**890,000**	**2,169,200**	**3,969,400**	

Source: Iceni analysis

8. CONCLUSIONS AND RECOMMENDATIONS

8.1 This section provides a summary of the outcomes of this report and associated recommendations and further issues.

8.2 The intention of this report is to provide an overall assessment of need and broad approach to meeting that need through apportionment across broad locations. This work does not prejudice the development of individual Local Plans which will undertake more detailed testing of locations and sites, including transport assessments as well as housing and employment spatial interrelationships.

Assessment of need

8.3 The assessment of need in this report looks at a range of approaches including completion trends, market absorption, issues of suppressed demand, traffic growth forecasts with replacement demand and matters of potential site recycling.

8.4 Across the assessments Iceni recommends that the gross completions trend, with some adjustments for potential future site recycling, is used. This amounts a need of 3,969,400 sq.m (before taking account of the 2023/24 completions and commitments as of April 2024 totalling c.910,200 sq.m).

Method of Apportionment

8.5 The approach to apportionment can be summarised as:

- Identification of potential broad locations for future strategic distribution floorspace using specific search parameters, including minimum site size, constraints and proximity to the SRN;
- Further cross check and inclusion of sites included in emerging Local Plans and call for sites or promoted submissions;
- Assessment and ranking of broad locations;

- Derive a target apportionment: prioritising the expansion of rail-served sites / delivery of a new SRFI and reflecting market ranking;
- Apportion the additional floorspace requirement using the target apportionment, net off completions/commitments and consider rail-based locations first, meeting the residual requirement at road-based locations
- Test to target apportionment against assessed land capacity, re-apportioning the shortfall to areas with capacity using a re-weighted target split;
- Checking distribution and phasing of apportionment outcomes.

Apportionment outcomes

8.6 The table below reports on the overall apportionment results at the AO level. This is the primary spatial area for the apportionment of needs as it reflects corridors of land where locations are concentrated and grouped around infrastructure.

Table 8.1 Apportionment by AO (sq.m)

District	Completions + Commitments		Residual Need Apportioned		**Total Apportioned Need**	**Apportionment (%)**
	Rail	Road	Road	Rail		
AO1	-	31,700	210,000	650,000	891,700	**22%**
AO2	-	-	-	-	-	**0%**
AO3	-	138,600	650,600	240,000	1,029,200	**26%**
AO4	-	194,300	413,000	-	607,300	**15%**
AO5	-	82,500	329,200	-	411,700	**10%**
AO6	-	257,000	566,400	-	823,400	**21%**
Other	-	206,100	-	-	206,100	**5%**
Total	-	**910,200**	**2,169,200**	**890,000**	**3,969,400**	

Source: Iceni analysis

8.7 The table below reports on the overall apportionment results at the district / borough level, drawing on the site assessment and apportionment outcomes. This is weighted towards North West Leicestershire, Blaby, Harborough and Hinckley & Bosworth.

Table 8.2 Apportionment by District/Borough

District / Borough	Completions + Commitments		Residual Need Apportioned		**Total**	**Apportionment incl. completions + commitments**
	Rail	Road	Rail	Road		
North West Leicestershire	-	221,100	240,000	1,093,600	**1,554,700**	**39%**
Harborough	-	257,000	-	566,400	**823,400**	**21%**
Hinckley & Bosworth	-	327,000	-	428,800	**755,800**	**19%**
Blaby	-	105,100	650,000	0	**755,100**	**19%**
Charnwood	-	0		80,500	**80,500**	**2%**
Total	**-**	**910,200**	**890,000**	**2,169,200**	**3,969,400**	

Source: Iceni analysis

8.8 The above apportionment assumes that the various locations considered will in the fullness of time be achievable and deliverable, although at present many do not have the infrastructure in place, as highlighted by the transport authorities. Whilst this may be considered prohibitive to growth, in relation to this work it also sets out the scale of the economic opportunity associated with investment if suitable schemes can be designed and funded.

Longevity and reflexivity of outcomes

8.9 The approach in this study is designed to have longevity in its application, which is not to say that the outcomes of the methodology are fixed.

8.10 The methodology is applied using currently available information. It is liable to change as Local Plans progress and more information is available about individual locations and sites, both those assessed and rejected, including (but not exclusively) site capacity, land availability and transport capacity.

8.11 The outcomes and quantitative recommendations in this report are not absolute - they provide a guide for further feasibility and testing for individual allocations or applications as seen fit by the authorities. In particular, detailed work will need to be undertaken through the Local Plan making process, in the case of Hinckley NRFI, the DCO process, across issues such as land availability, landscape, biodiversity, and transport assessment and modelling. Strategic Transport Assessment and/or Local Plan Transport Assessment will be required to take the sites considered and overall apportionment forward to allocation stage and support the selection of appropriate site/s to meet identified needs. This report does not usurp Local Plan making or the DCO process but is intended as a reasonable approach to apportioning the need of strategic distribution prior to further assessment through the Plan making process.

8.12 The methodology is designed as such that it can be readily updated as required when circumstances change to reflect new information, constraints or developments.

Limitations

8.13 Limitations of this report include:

- The feasibility of locations has been tested through a high-level consideration of land suitability based on environmental designations, infrastructure and land use. Designations provided by the authorities have been relied upon. The availability and deliverability of sites has not been tested in detail.

- That some professional judgement - subjectivity - is involved in the weighting of factors and making overall site assessment outcomes, as well as reflections on the capacity of AOs / corridors.

- The transport and infrastructure capacity has been primarily based on desktop reviews of current traffic (Google) and engagement with the highways authorities. No modelling has been undertaken. The potential cost / viability of infrastructure and upgrades has not been explored. Some potential development locations have therefore been ruled out on the basis of inadequate infrastructure, and significant development may have the potential to overcome this. Equally, a number of locations that the highways authorities have raised

as being effectively ‘at capacity’ have been included and therefore the level of mitigation required for future development may be significant.

- Detailed site allocations are expected to be explored through the preparation of individual Local Plans, or in the case of Hinckley NRFI, through the DCO process. It will be for LPAs to consider these recommendations in conjunction with their detailed appraisal of sites including localised transport modelling and assessments of landscape, biodiversity, land availability etc, through their Local Plans. This report therefore does not seek to pre-empt or replace either the Local Plan process or the DCO consenting route but is intended to provide strategic guidance on the reasonable spatial distribution of future strategic logistics needs.

A1. POLICY REVIEW – STRATEGIC SITES / LOGISTICS STUDIES

West Midlands Strategic Sites Study (2024) (WMSESS)

A1.1 For reference a brief overview of the WMSESS 2024 has been included below, to draw on the methodology to quantifying and apportioning the need for employment sites of a strategic scale across a regional area.

A1.2 The study considered three main models – MDS Transmodal Traffic Growth and Replacement Demand; Completions; and Net Absorption. Several sensitivities were also applied to the models which included a supressed demand adjustment, margin for flexibility and the capacity for recycling brownfield sites.

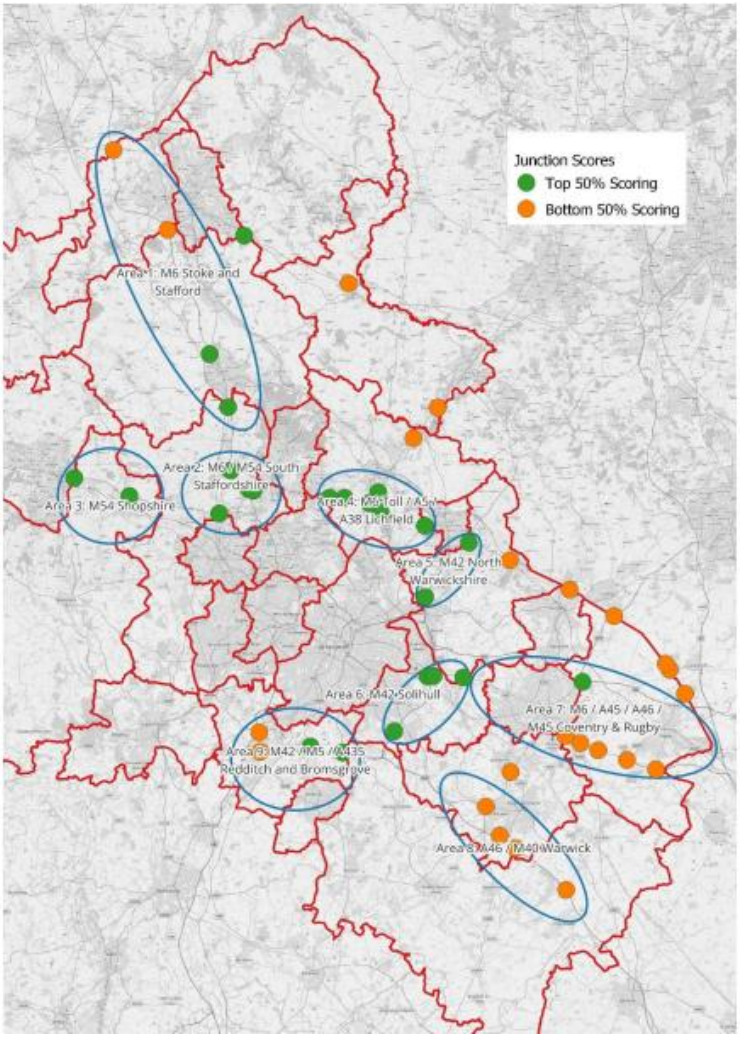
A1.3 Land parcels within 5 minute drive time of strategic road junctions were capacity tested and scored across a number of metrics: junction capacity, labour accessibility by car, labour accessibility by public transport and distance to a rail freight interchange.

A1.4 Areas of opportunity were then identified around junctions with land capacity and based on market signals and intelligence. The residual need was apportioned by area of opportunity by considering a number of factors to balance the shortfall in supply:

- Market rank;
- Size of area of opportunity; and
- Number of year supply – based on past take-up rates

A1.5 It was assumed that there was an indicative site capacity for 25ha of B2 sites and 50ha for B8/mixed sites.

Figure A1.1 WMSESS Areas of Opportunity and Capacity Tested Junctions



Source: WMSESS 2024, Iceni Projects

A1.6 Rail based opportunity areas were identified through locating where appropriately freight gauge cleared railway lines coincide with the strategic highway network. Detailed site assessments for these broad areas were not undertaken as part of the study.

Nottinghamshire Core & Outer HMA Logistics Study 2022

A1.7 The methodology for quantifying the need for logistics and identifying opportunity areas within Nottinghamshire has been briefly summarised below.

A1.8 The future requirement estimates for future strategic warehousing need was derived through a number of models:

- MDS Transmodal Traffic Growth and Replacement Demand;
- Labour Demand; Completions Trend;
- Gross and Net Absorption within Study Area;
- Wider Market – J24-J28 M1 Net Absorption; and
- Wider Market - L&L and Nottinghamshire Net Absorption

A1.9 A margin equivalent to 5 years completions was applied to the needs models.

A1.10 Areas of Opportunity were identified using a criteria based approach – good connections with the strategic highway, appropriately located to markets to be served, located in an area where there is known under-provision of sites, accessible to labour and close to areas of employment need.

A1.11 The development of SRFIs was not considered due to the close proximity to East Midlands Gateway and the planned East Midlands Intermodal Park and the small nature of the study area.

A2. SUPRESSED DEMAND MODEL

Table A2.1 Leicestershire Strategic Unit Supressed Demand

Year	A: Inventory (sq.m)	B: Availability (%)	C: Availability (sq.m)	D: Net absorption (sq.m)	D/C: Net absorption/ Availability	F: (8%-B)*A: Required floorspace for 8% availability (sq.m)	G*E: Suppressed Net Absorption @ 8% (sq.m)	F: (5%-B)*A: Required floorspace for 5% availability (sq.m)	G*E: Suppressed Net Absorption @ 5% (sq.m)
2024	5,115,664	9.8%	501,335	30,303	6%	-	-	-	-
2023	4,935,507	8.7%	429,389	102,011	24%	-	-	-	-
2022	4,703,494	6.8%	319,838	697,612	218%	56,442	43,377	-	-
2021	3,988,554	6.3%	251,279	265,212	106%	67,805	52,110	-	-
2020	3,719,378	5.1%	189,688	251,358	133%	107,862	82,894	-	-
2019	3,571,320	5.8%	207,137	351,450	170%	78,569	60,382	-	-
2018	3,169,567	3.5%	110,935	0	0%	142,631	109,614	47,544	36,538
2017	3,087,050	7.6%	234,616	75,421	32%	12,348	9,490	-	-
2016	3,051,612	7.7%	234,974	36,568	16%	9,155	7,036	-	-
2015	2,824,096	1.9%	53,658	39,983	75%	172,270	132,393	87,547	67,282
2014	2,811,899	2.6%	73,109	33,712	46%	151,843	116,694	67,486	51,864
2013	2,783,015	4.3%	119,670	42,202	35%	102,972	79,136	19,481	14,972
2012	2,783,015	4.3%	119,670	167,337	140%	102,972	79,136	19,481	14,972
Avg.					**77%**		**59,405**		**14,279**

Source: CoStar 2025

A3. COMMITMENTS

Table A3.1 Large Warehouse Commitments, April 2024

Site Name	District / Borough	AO	Planning Ref.	Floorspace (sq.m)
Unit 1 Mercia Park	NWL	AO5	18/01443/FULM, 19/02017/VCUM, 19/02294/REMM	18,580
Former Lounge disposal point (G Park)	NWL	AO5	19/00652/FULM	63,922
Land At Netherfields Lane Sawley	NWL	AO3	20/00316/OUTM	64,600
Land south of Junction 1 A50	NWL	AO3	19/01496/OUTM; APP/G2435/W/22/3292404	74,000
Magna Park North (Land at Mere Lane, Bittesby)	Harborough	AO6	15/01531/OUT	197,696
Land to the west of St Johns	Blaby	AO4	23/1066/OUT	105,089
Wood Farm, Stanton Lane	Hinckley & Bosworth	AO4	21/00531/HYB	89,200
Griffen Park, Land North of Nevia Logistics Services (UK) Ltd, Peckleton Lane	Hinckley & Bosworth	N/A	21/00619/FUL	62,981
Nailstone Colliery	Hinckley & Bosworth	N/A	20/00224/FUL & 20/01278/CONDIT	121,586

A4. AGENT AND DEVELOPER ENGAGEMENT

A4.1 This section summarises feedback we received from engaging with a number of key agents and developers (2023). This included Savills, Avison Young, Knight Frank, Tritax Symmetry and St Modwen.

A4.2 Key factors driving demand by location:

- Road access is the most important factor for occupiers – allows for speedy delivery and targets to be met
- It is important to consider congestion around junctions as well as distance between site and junction;
- 5-10 minute non-congested drive from junction is most appropriate;
- Lack of road infrastructure east of Leicester means it is not attractive for strategic sites;
- Sites using SRFI could be located up to 45-minute drive-time away from the rail head.
- Motorway is preferrable to A-roads
- A42 is more viable for development than A6
- Sites should not be accessed by routes going through residential areas;
- Access to power is vital – full on-site generation is not viable due to 24/7 nature of operations (in terms of solar panels); and
- Rail-served sites have become more attractive due to environmental, social, and corporate governance ESG requirements.

A4.3 Labour supply comments:

- Access to labour is becoming more of a focus due to labour shortages as a result of Brexit;

- A 20-30 minute drive time/public transport journey is appropriate to consider;
- Companies will tend to locate where there is a strong labour supply;
- Good environment for staff is of growing importance – need high-quality premises and good accessibility; and
- Some occupiers may not want to be located on large parks due to having to compete for labour supply

A4.4 Minimum site size comments:

- New sites need upwards of 25 ha gross;
- Could consider sites smaller than 25ha if shape is regular, typography is appropriate and infrastructure costs low;
- Land is needed for mitigation at sensitive areas i.e. residential;
- Demand for larger buildings is growing (+25,000 sq.m, up to 100,000 sq.m); and
- Important to have a mix of small and large sites to allow for occupier choice

A4.5 Location specific comments:

- A6 could accommodate some development however it is notably constrained north of Loughborough
- Prime locations are Lutterworth, Enderby and East Midlands Gateway;
- Opportunity to extend Mercia Park; and
- Castle Donnington has good public transport links to Derby and Nottingham and A42 has good links to Tamworth and Burton on Trent

A4.6 Other comments:

- Build to suit has seen a rise recently after two strong years of speculative building;
- Important to recycle and refurbish older units where possible as they need to meet the latest criteria e.g. ESG requirements, heights; and
- Concerns that 2021 warehousing needs study does not use latest data to forecast need (i.e. net absorption model used in comparable studies such as SEMLEP) and risks underestimating need

A5. COUNTY AND NATIONAL HIGHWAYS NOTES

A5.1 Iceni Projects engaged with Leicestershire Highways, Warwickshire Highways (written feedback) and National Highways who gave the following feedback about the strategic road network in spring 2023 and further feedback in spring 2025:

Overview

A5.2 Noted methodology limitation - considering junctions and not road corridors as a whole is limiting – there may be current capacity at junctions but problems on other parts of the network i.e. railway bridge on A5 at Hinckley gets struck regularly.

A5.3 Road Investment Strategy (RIS) 3 (2025-30) pipeline projects in Leicestershire – National Highways only has a commitment to carry out RIS 3 pipeline work and has no other commitments for other schemes currently, including:

- A5 Hinckley to Tamworth – wholesale upgrade of corridor, trunk road as standard;
- Leicester western access – aimed at solving problems at M1 J21-21A with a smart motorway; and
- M1 north additional capacity – smart motorway – although smart motorways were announced as discontinued in April 2023

A5.4 Advised that RIS 3 is now expected to be postponed to RIS 4 (2030-35) – there is overall uncertainty on deliverability.

A5

A5.5 Highway Officers indicate that every junction west of the A5 from the M69 interchange has substantial capacity issues and would require substantial mitigation beyond the public highway boundary. There are frequent accidents and substantial network constraints on the A5, in particular between the M1 and M69, of which RIS3 would not address this section.

There is a railway bridge between Nuneaton and Hinckley that is struck frequently. National Highways are considering a full development stopping order due to the significance of concerns.

A5.6 Traffic from Magna Park has had a bigger impact on the A5 than the M1. There is substantial warehousing development coming forward at DIRFT, Rugby Gateway and A426 corridor which connects to the Magna Park/A5 area which will have additional pipeline impacts.

M1

A5.7 As a corridor the M1 functions well.

A5.8 M1 J20 has capacity constraints, housing growth allocations (north east) and issues of connections with local road network, A4303 and route to Magna Park. Is considered an opportunity by some stakeholders.

A5.9 J21 is highly problematic as only access point is Leicester. This may be addressed by J20a, however there is no definitive proposal as of yet. National Highways said that this junction could be improved through developer contributions and mitigation schemes and would not require a major projects intervention to unlock development.

A5.10 J22 is on a high point and can create an issue with slow moving HGVs due to gradients. There are constraints around J22 which feed into Bardon Hill area despite National Highway changes, traffic from quarries and a signalled gyratory however there is potentially opportunity for development. There are some capacity issues on circulatory and off-slip, particularly travelling southbound.

A5.11 J23 at Loughborough has further housing growth and Loughborough Science and Enterprise Park planned or newly delivered which has created further pressure on the junction. Land capacity and junction capacity likely to be constrained.

A5.12 J24 has been upgraded however there are still issues and there are challenges in delivering more mitigation. If a robust solution is not delivered then strategic traffic is distributed through Kegworth and into villages in South Nottingham. The A50 section is considered constrained.

A5.13 The M1 south of Leicester has the least traffic issues compared to other junctions in the study area and one of the better opportunities on the strategic road network.

M69

A5.14 Work done alongside Hinckley NRFI found substantial network capacity issues which may not be possible to mitigate on A5, M69 and M1 J21. Development will potentially impact local road networks as a result.

A5.15 Unlocking growth on this corridor will require investment in the strategic road network and co-ordination.

A5.16 M69 corridor functions well as a link, however the junctions at either end are heavily constrained.

A6

A5.17 The A6's inclusion in the study is considered an anomaly as it is not a strategic road, serves the local population and part is single carriageway. There has been no strategic distribution development on this road due to the road network being poor quality, limited land availability and prone to flooding.

A5.18 Section of A6 between A46 and edge of Loughborough is of a reasonable standard. In terms of link and road safety performance there is not a major issue although accessing the M1 northbound passes through Markfield / Fieldhead which is residential lined for 800m. Developer funded improvements could unlock some sites in this area however the Charnwood Local Plan has allocated substantial housing growth in this area therefore further growth may be difficult to accommodate.

A5.19 Going through Loughborough the strategic road network is not sufficient as it is the geographic spine of the town, running through heavily populated areas. There are also issues at Hathern, which is split by the A6 running through it and a traffic signal junction which causes delays.

East Midlands Gateway

A5.20 From EMG towards the south along A453 towards the airport / EMDC is not a good route due to the single, rural lane.

A5.21 A453 is main access routes to Donnington Park Motor Circuit and Download Festival – creates significant traffic management on local roads.

A5.22 There is a lack of public transport to the area – most employees come from Leicester and Nottingham/ Derby.

A42

A5.23 Overall, there are no severe junction based issues however capacity is limited due to two lanes, limited link capacity and lack of resilience in the network when accidents occur.

A5.24 The corridor is only two lanes, at least one of which is frequently closed due to accidents.

A5.25 Improvements to A42 occurred as a result of Mercia Park, JLR development.

A5.26 A5 RIS improvements terminate at M42 junction

A5.27 J24 M1 improvements have helped capacity but difficult to calculate how much extra capacity can be accommodated.

A5.28 J13 A42 is an issue, which creates further problems at A511 Tesco roundabout and local road network.

A46

A5.29 Improvement works to the A6/A46 junctions have been developer funded.

A5.30 The Hobby Horse roundabout is the most congested and delayed junction in the corridor. National Highways reported that the roundabout could only be resolved via a major projects intervention and not through developer contributions or mitigation scheme inputs. There is currently no planned improvements to this junction and it has therefore been ‘red flagged’.

A5.31 The A46 / Ratcliffe Road junction layout does not lend itself to high volumes of vehicle movements turning right onto the slip road. Improvements to provide a right turn lane would potentially require bridge widening. Ratcliffe Road itself has a 7.5T weight limit.

A6. BROAD LOCATION ASSESSMENT CRITERIA

Proximity to the Strategic Road Network

A6.1 Proximity to the strategic road network (SRN) is a key consideration for logistics occupiers. There are considerable cost savings associated with junction proximity for logistics occupiers given the journey time saved for each trip. Additionally, close proximity to strategic road network junctions will reduce the impact of HGV movements on the local road network. A strategic distribution site within 1 mile of the strategic road network is considered optimal, therefore the RAG rating is as followed:

- Red: Access to SRN is beyond 5 miles or access point is over 1 mile from MRN i.e. 'A' road
- Amber: Access to SRN is within 5 miles but access point is within 1 mile of MRN i.e. 'A' road
- Green: Direct access to the SRN or within 1 mile of SRN junction

Junction Capacity

- Red = Capacity issues cannot be mitigated through junction improvements;
- Amber = Capacity issues can be mitigated through improvements to junction;
- Green = No apparent issues / minor delays. No significant upgrades required to unlock development at junction.

Public Transport Accessibility

A6.2 Bus and train services in proximity to the junction were assessed and scored by the following ratings:

- Red = Poor - infrequent bus service (less than 2 per hour); no rail access;
- Amber = Adequate - less frequent bus service (up to 3 per hour) within 500m; access to rail perhaps through multi-modal journeys (within 3km); and

- Green = Good – frequent bus service (4 or more per hour) within 500m; proximity to rail services (within 2km).

SRFI Access

A6.3 Junctions have then been assessed on their proximity to existing rail freight interchange rail heads. This is to assist with identifying preferred locations to meet the rail specific element of the need.

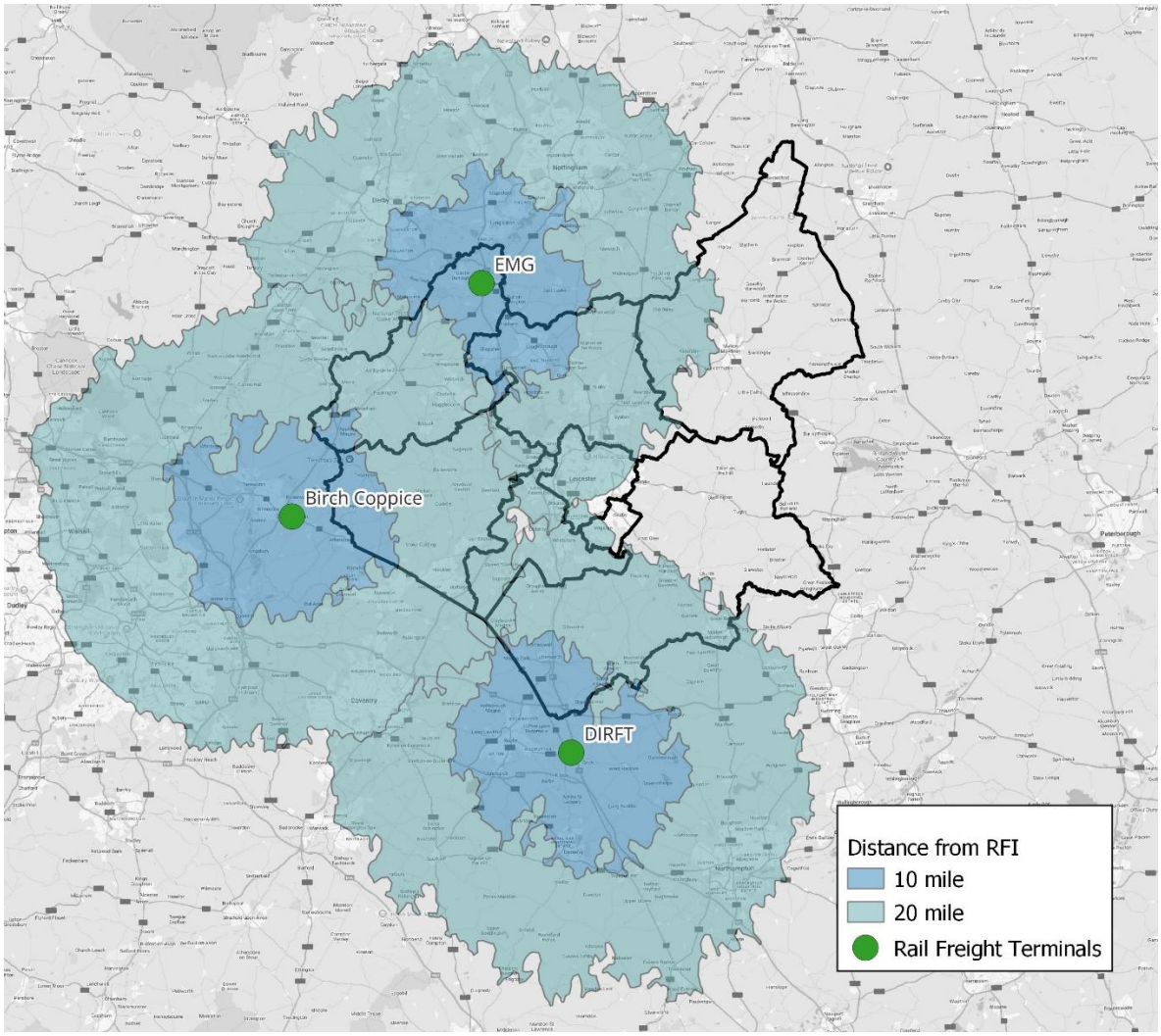
A6.4 Discussions with Maritime Transport, operators of East Midlands Gateway rail terminals, indicate that they assume an approximate 20-mile drive distance for users of terminals. Broadly speaking this means that north of Leicester is covered by EMG whereas south of Leicester (including Magna Park Lutterworth) is covered by DIRFT. Birch Coppice also covers much of west Leicestershire up through the M42/A42.

A6.5 For the purpose of the site assessment it has been assumed that a 10-mile distance from a rail-freight interchange is considered optimal and so the RAG scoring is as follows:

- Green: Within 5 miles of existing rail freight interchange;
- Amber: Within 5-10 miles of existing rail freight interchange;
- Red: Over 10 miles away from existing rail freight interchange.

A6.6 The map below sets out the approximate 10 and 20 miles coverage for Leicester and Leicestershire for East Midlands Gateway, Birch Coppice and DIRFT. Only the eastern part of the county falls outside of the 20 mile radius from one of the rail interchanges.

Figure A6.1: Current Rail Freight Interchange catchment (10 and 20 mile)



Labour Access

A6.7 Labour supply was assessed at a 10 minute and 20 minute drive time level. The 10 minute and 20 minute drive time labour supply are each a separate criteria, equally weighted.

A6.8 The 10 / 20 minute drive time isochrones are mapped by Iceni using the junction as the central point, and the population catchment is included if the isochrone intersects with the Lower Super Output Area (LSOA). Population data at LSOA level is from the 2021 Census.

A6.9 Each junction is ranked by the working age population within a 10/20 drivetime and given a RAG rating based on:

- Green: 10 minute drive time catchment of +100,000; 20 minute catchment of over 400,000 working age population

- Amber: 10 minute drive time catchment of 50,000-100,000; 20 minute catchement of 200,000 – 400,000 working age population

- Red: 10 minute drive time catchment of less than 50,000; 20 minute catchment of less than 200,000 working age population

Corridor Market Ranking

A6.10 For strategic distribution, network accessibility is the optimum factor from a market perspective. In this context, road corridors have been ranked at the 'corridor' level of the AOs reflecting their connectivity and market desirability. The need to consider this has also been flagged by highways officers. There is a natural hierarchy of the corridors, with the M1 being a national spine trunk road, M69 a motorway, A42 SRN and A6 as a local route with less connectivity and market desirability. The A42 also has a lower labour market availability within a shorter drive time.

A6.11 In order to reflect this corridor ranking, the approach has been developed through stakeholder discussions and Iceni judgement. It is acknowledged that this is not a wholly objective assessment. The assignment of scores is that the best performing corridors rank highest so:

- Green: M1, A50, M69, A46, A5

- Amber: A42

- Red: A6.

Spatial Dynamics

A6.12 This factor considers the proximity of the assessed sites to existing and proposed settlements or employment sites – sites closer to settlements are more sustainable in terms of labour access and more likely to benefit from sustainable travel to the site. Additionally this factor considers the spatial impact of the assessed site in terms of sprawl of development. The RAG scoring is as below:

- Green: strong relationship with settlements and employment sites
- Amber: Nearby settlements and employment sites but some separation
- Red: Isolated location with poor relationship to settlements and employment sites

Infrastructure Requirements

Where known it is noted what infrastructure requirements or improvements will be required to bring the site forward – this includes strategic road network capacity and junction improvements and local access arrangements. This factor is not scored but is noted within the overall assessment of the site.